

Exploring social enterprise legitimacy within ecosystems from an institutional approach: A systematic literature review and research agenda

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Abstract

The legitimization of social enterprises is contingent upon the institutional context and targeted stakeholders; however, this claim has not been explored systematically, considering existing legitimacy strategies. Understanding the reasons behind the pursuit of legitimacy and the strategies that can be employed in specific contexts is paramount for social enterprises to obtain legitimacy and enhance positive social impact. This paper undertakes a systematic literature review at the intersection of social enterprise legitimacy, institutional theory and entrepreneurial ecosystems. Drawing on articles in journals included in the Web of Science database, the review enhances understanding of social enterprise legitimacy research through institutional contextualization by answering the question: 'Why and how do social enterprises aim to obtain legitimacy in different contexts and towards which ecosystem actors?' Six main reasons why social enterprises pursue legitimacy are identified, namely: to acquire tangible (financial and material) and intangible (community support and trust) resources; to compete with commercial businesses and non-governmental organizations; to comply with stakeholder demands; to overcome institutional challenges; to create social impact; and to bring about institutional change. Alongside these reasons for legitimacy pursuit, legitimacy strategies and the addressed actors and institutions are identified and synthesized into three categories: institutional context dependency; closeness to the audience; and multidimensionality and process perspective, identifying promising avenues for further research that are more context-sensitive. The review provides guidance for social enterprises seeking to identify and adapt legitimacy strategies, enabling them to address the pressing issues of legitimacy deficits that continue to hamper the generation of social impact.

A free Teaching and Learning Guide to accompany this article is available at: [http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1468-2370/homepage/teaching__learning_guides.htm](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1468-2370/homepage/teaching__learning_guides.htm)

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INTRODUCTION

The hybrid nature of social enterprises allows them to simultaneously pursue financial sustainability and social value creation (Park & Bae, 2020). However, a lack of legitimacy and limited public awareness of social entrepreneurship (SE) have been recognized as major impediments to market entry and venture growth (Ambati, 2020; Davies et al., 2019; Zamantılı Nayır & Shinnar, 2020). Legitimacy, as defined by Suchman (1995, p. 174), refers to 'a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions'. Legitimate organizations are not questioned or mistrusted, resulting in higher survival and growth rates (Meyer & Rowan, 1977; Zimmerman & Zeitz, 2002). Therefore, it is crucial for social enterprises to develop and implement strategies to attain and maintain legitimacy (Dart, 2004).

The existing body of literature has identified various legitimacy strategies employed by social enterprises. However, a holistic understanding of the reasons behind legitimacy pursuits and the strategies utilized, related to the context in which social enterprises are embedded, remains elusive given the broad range of stakeholders and institutional conditions that influence the success of such strategies. Nonetheless, having this understanding is crucial for guiding social enterprises in selecting strategies that align with their objectives and contexts in order to create positive social impact.

Social enterprises are embedded in local communities to a greater extent than traditional commercial businesses, as they endeavour to address social problems by serving these communities, rendering them subject to institutional pressures (Seelos et al., 2011). Consequently, both the institutional theory literature (DiMaggio & Powell, 1983; North, 1990) and the entrepreneurial ecosystem (EE) framework (Isenberg, 2010; Stam & Spigel, 2016) have gained increasing attention as important areas in legitimacy research.

Entrepreneurship does not take place in a social or cultural vacuum (Bruton et al., 2010). Thus, the historical, cultural, temporal, social, political and institutional context sets boundaries for entrepreneurial action (Aidis et al., 2007, 2008; Roundy, 2019; Urbano et al., 2019; Welter, 2011). In the context of SE, the question arises of how social enterprise legitimacy can be achieved in a challenging and dynamic environment with various actors and institutions. Social enterprises are not only embedded within institutions but can also be part of an EE, which consists of many actors across different institutions. Formal and informal institutional factors shape ecosystem elements (Audretsch et al., 2021; Auschra et al., 2019; Carayannis et al., 2019). Thus, we integrate social enterprise literature with both

institutional theory and EE components to understand who (ecosystem actors) social enterprises target while pursuing legitimacy, why they do so, and how they do it while being embedded in the institutional environment.

Although a significant amount of research has been conducted to investigate social enterprise legitimacy, the findings in the literature are fragmented and a systematic understanding of why and how social enterprises obtain legitimacy from which actors and institutions is necessary to move this research stream forward. While the existing review by Überbacher (2014) incorporates an institutional perspective on new venture legitimacy and analyses how and why organizations achieve legitimacy, the review does not look into the individual institutional or EE elements in order to explore legitimacy strategies based on these elements or the differences between regions. Furthermore, this matter remains specifically unclear in the case of social enterprises, as social enterprises are not part of their review. This issue is theoretically and practically relevant because social enterprises, due to their hybrid nature, face challenges that traditional businesses do not encounter, such as organizational mission drift (Chen et al., 2020). To address this gap, this paper conducts a systematic literature review (SLR) and contributes to the literature by connecting the dimension of social enterprise legitimacy and EE elements with the underlying institutional setting. As a result, this paper identifies gaps in the current literature and articulates potential future research avenues. We answer the following research question: *Why and how do social enterprises aim to obtain legitimacy in different contexts and towards which ecosystem actors?*

We also provide insights on a descriptive level on the theoretical frameworks that have been used in the existing literature at the interface of social enterprise legitimacy, institutions and EE, the geographic contexts in which social enterprise legitimacy has been investigated, and the methodological procedures that were used in these studies. Answering the proposed questions is important to understand the rationale behind legitimacy pursuits and to be able to create effective legitimacy strategies for social enterprises, which will help practitioners in their strategy creation and ultimately create even more positive social impact.

The remainder of the paper is organized as follows. The next section presents the methodological procedure through which we extracted the relevant articles for our review. This is followed by the synthesis and analysis of our results. In subsequent sections, the findings are categorized and discussed, and implications are drawn. A future research agenda is outlined and, finally, our conclusions are reported.

METHODOLOGY: A SYSTEMATIC LITERATURE REVIEW

For this SLR, we categorize and synthesize existing knowledge on social enterprise legitimacy within its surrounding institutions and/or ecosystem and propose a future research agenda in this field. To ensure a rigorous SLR of published work on social enterprise legitimacy and its institutional context, we adopt a comprehensive methodological procedure (Bembom & Schwens, 2018). Several steps have been taken to ensure that this research is systematic, transparent and replicable. Inspired by recommendations on how to conduct transparent and replicable SLRs by Kraus et al. (2020), Linnenluecke et al. (2020) and Williams et al. (2021), we formulated a research strategy, criteria for inclusion and exclusion and process steps for this SLR. The following subsection explains the methodological process in detail. Inclusion and exclusion criteria, as well as the research process, are outlined. The keyword search is explained, followed by a descriptive analysis of the included studies based on journal, methodology, geographic region and theoretical frameworks.

Conducting the review

First, we established the research protocol, adapted from Bembom and Schwens (2018). We determined the search term keywords based on the field of interest: social enterprise legitimacy, ecosystems and institutions, taking into account possible proxies and combinations. Next, we defined several inclusion and exclusion criteria (see Table 1).

The keyword search was conducted in March 2023 using the Web of Science (WoS) database. We divided the search into ten individual search requests (see Figure 1). The keywords were searched in the title and abstract within the WoS core collection, covering all editions and listing academic journals with an impact factor (IF). Only peer-reviewed articles were included, and we excluded grey literature such as working papers and conference proceedings, following the suggestion of Kraus et al. (2020). The search was restricted to English papers available in the database until December 2022, including articles, review articles, open access and early access from any journal.

The initial search consisted of the words 'social enterprise' and 'legitima*'. By using quotation marks, we ensured that the results focused specifically on social enterprise legitimacy rather than enterprise legitimacy in general. The keyword 'legitima' was used to account for all possible results related to legitimacy, such as legitimization.

We then conducted searches for social enterprise legitimacy in combination with ecosystems and institutions. The search results revealed an initial finding: there is a scarcity of research combining the concepts of social enterprise legitimacy and EE, with only five results. On the other hand, the interface between social enterprise legitimacy and institutions was explored more frequently, resulting in 58 articles. To ensure comprehensive coverage, we conducted additional keyword searches to account for proxies of social enterprise, such as social innovation and proxies of legitimacy, such as acceptance and recognition. We also conducted four additional keyword searches using the words 'social business', 'social venture', 'social company' and 'social organization' to cover different expressions of the concept of enterprise. In total, 877 papers were found. After removing duplicates, a sample of 323 papers remained for further examination. We followed existing procedures for selecting papers for the SLR. Thereby, we excluded papers from the sample that are published in Q4-ranked journals based on the Journal Citation Report (JCR) or in journals that were not part of the JCR in WoS to focus on well-recognized and high-impact publications (Kraus et al., 2020; Vurro et al., 2023; Zahoor et al., 2020). After removing those articles, a sample of 230 articles remained for analysis.

The abstracts of all remaining 230 articles, as found in the keyword search, were screened according to the inclusion and exclusion criteria, resulting in a selection of 129 articles for further evaluation. A manual examination of the remaining 129 articles was conducted to verify the compliance with the inclusion and exclusion criteria based on the full text. Studies that did not meet the inclusion criteria were removed. Studies in fields other than SE, such as sustainability entrepreneurship, institutional entrepreneurship, ecological entrepreneurship, green entrepreneurship, circular economy, academic entrepreneurship, cultural entrepreneurship and social intrapreneurship, were excluded as this study focuses solely on the thematic field of SE. Additionally, studies on non-governmental organizations (NGOs) and SE initiatives within NGOs were excluded, as they are not within the scope of interest for this SLR. Furthermore, region-independent studies that did not examine any local institutional context were also excluded. This process resulted in a sample of 61 included articles. As a final step, a manual cross-referencing was conducted by examining the papers cited in the remaining 61 articles and applying the inclusion/exclusion criteria first to the abstracts and later to the full text. This led to the inclusion of 11 additional articles, resulting in a final sample of 72 articles (see details in the online [Supplementary Material](#)).

TABLE 1 Inclusion and exclusion criteria.

(A) Inclusion criteria
1. Studies within the domain of SE that use institutional theory, ecosystems frameworks and legitimacy theory or proxies for SE like social enterprise and social innovation
2. Document type: Peer-reviewed journal articles and early access
3. Empirical studies
4. Only articles published in the English language
5. Studies that address SE in combination with legitimacy, EE and/or institutional theory and its proxies
(B) Exclusion criteria
1. Studies in which the main focus is on sustainability entrepreneurship, institutional entrepreneurship, ecological entrepreneurship, green entrepreneurship, circular economy, religious entrepreneurship, academic entrepreneurship, cultural entrepreneurship, social intrapreneurship rather than on SE
2. Studies whose main focus is not social enterprise legitimacy, SE or social innovation in combination with institutional theory or ecosystems frameworks
3. Studies on social procurement, NGOs and SE initiatives within NGOs
4. Book chapters, editorials, seminal papers, conference proceedings (<i>grey literature</i>)
5. Articles that are unavailable electronically or by other reasonable means
6. Articles published in any language other than English
7. Articles that focus on the micro-level perspective—entrepreneurial intentions, motivations, etc.
8. Articles published in Q4-ranked journals based on WoS Journal Citation Report (JCR) or Impact Factor (IF)
9. Articles published in journals that are not in the JCR database of WoS
10. Exclude literature reviews and region-independent studies

Analysis and synthesis of studies

After identifying and selecting the relevant literature, we proceeded to categorize and synthesize the studies (Yang & Gabrielsson, 2018).

For the analysis, we took into account the geographic context of each study and defined the terms ‘developing’, ‘emerging’ and ‘developed’ countries to distinguish different contexts. To align with some of the studies we encountered during the literature review (e.g., Kistruck et al., 2015), we utilized the Human Development Index (HDI) developed by the United Nations Development Programme (UNDP) in 1990. The classification of countries into these groups was based on the HDI data from 2010 (UNDP, 2018).

- 0.00 < HDI < 0.55: low level of human development.
- 0.55 < HDI < 0.70: medium level of human development.
- 0.70 < HDI < 0.80: high level of human development.
- 0.80 < HDI < 1.00: very high level of human development.

Based on our classification, we categorized countries with a very high level of human development as developed countries, countries with a high level of human development as emerging countries, and countries with medium or low development as developing countries.

To analyse each study in our final sample, we examined the geographical location, theoretical perspective and methodology employed. We then categorized the concepts discussed in the studies to answer our research questions regarding the actors involved, the reasons for social enterprises seeking legitimacy, and the strategies they employ to achieve it. We coded and clustered the data based on our predefined research questions, using an inductive approach to identify themes, which are reported in the findings section. The data can also be found in the online [Supplementary Material](#).

Six themes emerged that address the question of why social enterprises aim to gain legitimacy (see Table 3). After identifying these themes, we conducted further coding across the ‘how’, ‘why’, ‘who’ and ‘where’ questions. This led to the categories of ‘institutional context dependency’, ‘closeness to audience’ and ‘multidimensionality and process perspective’.

The first category, ‘institutional context dependency’, emphasizes the importance of context in determining legitimacy strategies. Context plays a significant role across the identified themes, as we examine strategies targeting different institutions, ecosystem actors and countries. The findings section highlights the strong focus on varying strategies depending on the different sociocultural, political and economic contexts.

The second category, ‘closeness to audience’, highlights the significance of collaboration and close connections

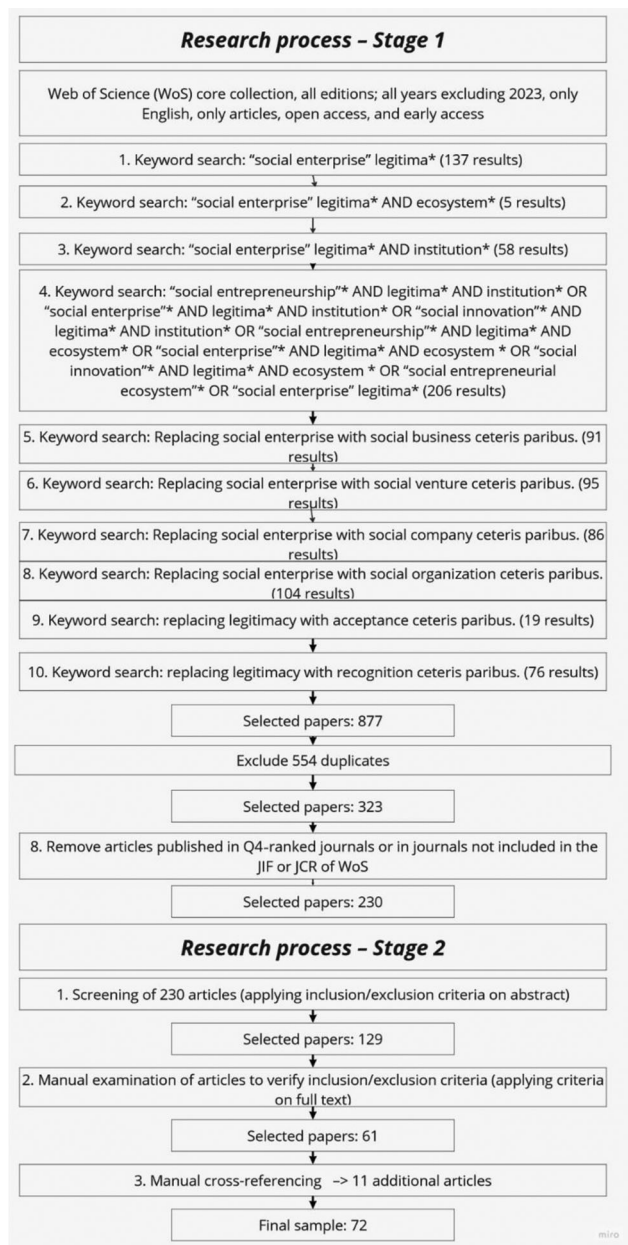


FIGURE 1 Research process.

with local communities. This closeness is crucial for social enterprises to gain legitimacy within the communities they aim to serve. It is relevant across all contexts and strategies, and particularly centre stage in themes 2 and 4.

The third category, ‘multidimensionality and process perspective’, arises from considering the six themes and their interactions. We identified that legitimacy is pursued on different dimensions, including the firm level (theme 1 and 2), industry/ecosystem level (theme 3 and 4), and institutional macro level (theme 5 and 6). In this category, ‘multidimensionality and process perspective’, we discuss the complexity of legitimacy issues and suggest avenues for future research to explore interactions, contradictions and process investigations of social enterprise legitimacy

strategies due to the multidimensionality of the legitimacy pursuits.

Descriptive analysis of included studies

Based on our inclusion and exclusion criteria, we identified 72 articles published in 38 different journals for our final sample that explore the field of SE or its proxies and legitimacy within the institutional theory and EE context. It is important to mention the number of articles that are published in journals with a low impact factor or in new emerging journals that are not included in the JCR of WoS. Only a few articles are published in journals with a high impact factor, such as *Journal of Business Venturing* and *Journal of Business Ethics*. This indicates that research on the subcategory of entrepreneurship—SE—is not widely represented in top-ranked journals, suggesting that it is still an emerging field. Park and Bae (2020) acknowledge that research attention on social enterprises has been limited until only a few years ago. However, today there are calls for research on this topic published as special issues in journals such as *Academy of Management Learning and Education*, *Entrepreneurship Theory and Practice* and *Journal of Business Ethics*. Exclusive journals that specifically target SE articles, namely the *Journal of Social Entrepreneurship* and *Social Enterprise Journal*, were established in the last decade and are ranked Q3 in the JCR. Therefore, the majority of the included studies in our analysis are published in Q3-ranked journals.

The final sample includes articles that are published in *Social Enterprise Journal* (15.28%), *Journal of Social Entrepreneurship* (11.11%), *Voluntas* (6.94%), *Journal of Business Venturing* (6.94%), *Journal of Business Ethics* (6.94%), *Technological Forecasting and Social Change* (4.17%), *Management Decision* (5.56%) and *Public Management Review*, *Management and Organization Review*, *Journal of Public and Nonprofit Affairs* and *Journal of Business Research* (2.72% each). The remaining articles are published in 27 different journals, representing 37.5% of the total sample. All of the included articles were published between 2010 and 2022. It is worth noting that the field of social enterprise legitimacy has gained increased relevance over time, as indicated by the rise in the number of published papers between 2016 and 2022 compared to the period 2010 to 2015 (see Figure 2).

The predominant research method employed by authors in the included studies is qualitative methodology, which accounts for 83.33% (60) of the total studies. Quantitative studies make up only 11.11% (8) of the sample, while mixed-methods studies represent an even smaller percentage (see Table 2). This distribution is not surprising considering that we focused on context-dependent studies, which are more likely to utilize qualitative approaches. Some

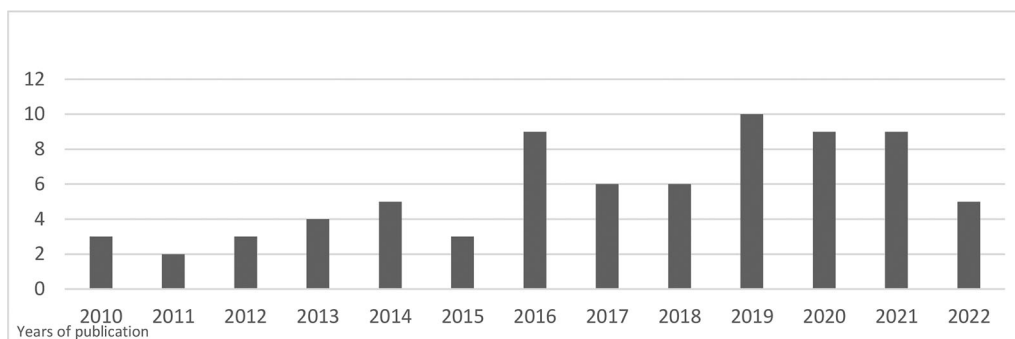


FIGURE 2 Overview years of publication.

TABLE 2 Overview methodological procedures by country classification.

Country classification*	Methodology			
	Qualitative	Quantitative	Mixed methods	Total
Developed	41 (14 United Kingdom, 3 United States, 1 North America, 3 Netherlands, 2 Scotland, 7 Australia, 1 New Zealand, 5 Italy, 1 South Korea & Taiwan, 1 Norway, 2 Sweden, 1 Ireland & Greece)	4 (2 United Kingdom, 1 South Korea, 1 EU countries)	3 (Australia & Scotland, 1 Hong Kong)	48 (66.67%)
Emerging	7 (5 China, 2 Palestine)	4 (China)		11 (15.28%)
Developing	12 (1 Zambia, 7 India, Uganda, Tanzania, Ghana 1 Kenya, 1 across Africa & Asia, 1 Africa, 1 Pakistan)		1 (Guatemala)	13 (18.06%)
Total	60 (83.33%)	8 (11.11%)	4 (5.56%)	72 (100%)

*Based on UNDP (2018) classification.

conceptual papers and quantitative studies, which tend to be context-independent, were excluded from our analysis.

Among the qualitative studies, varieties of methodological techniques were applied. The multiple case study approach was the most commonly used method. Within the qualitative studies, we observed a predominance of positivist methodologies based on the case study design proposed by Eisenhardt (1989) and Yin (2014), while interpretive approaches such as Strauss and Corbin's (1990) methodology were less frequently employed.

In terms of the research context, our analysis revealed that 18.06% (13) of the studies were conducted in developing countries, 15.28% (11) in emerging countries and 66.67% (48) in developed countries. Table 2 provides an overview of the number of articles considering the context for each type of methodology used. The review sample indicates that there were fewer studies conducted in developing and emerging countries compared to those conducted in developed countries. Notably, there were no quantitative studies in the review sample that focused on developing countries. Studies conducted in developing countries mostly focused on India, while emerging country studies predominantly focused on China. Studies conducted in developed coun-

tries primarily focused on countries where English is the mother tongue, with a majority of them taking place in the United Kingdom (16 papers).

Regarding the theoretical frameworks employed in the studies, we identified several approaches (see the online [Supplementary Material](#)). The institutional approach by DiMaggio and Powell (1983) and the newer institutional work framework by Lawrence and Suddaby (2009) were the most frequently used theories. Other institutional theories, such as North's (1990) distinction between formal and informal institutions and its effects on entrepreneurship, or the institutional logics perspective (Thornton et al., 2012), were less commonly used. Interestingly, we did not come across any studies that combined research on social enterprise legitimacy with EE frameworks, such as Isenberg's (2010) framework.

Most studies based their research on legitimacy theory by Suchman (1995), which conceptualizes legitimacy into three types: regulative, moral and cognitive. The institutional isomorphism theory by DiMaggio and Powell (1983), which proposes that organizations experience coercive, mimetic or normative legitimacy pressures, was also widely utilized. Other frameworks, including Scott's (1995)

division between regulative, normative and cognitive legitimacy, Ashforth and Gibbs' (1990) approach of substantive versus symbolic legitimacy, and newer frameworks like legitimacy-as-process and legitimacy-as-perception, were used less frequently. Additionally, other theories and research streams, such as network theory, social capital theory, accountability, crowdfunding, rhetoric strategies and storytelling, were applied (see extensive list in the online [Supplementary Material](#)). These research streams offer valuable insights into legitimacy strategies and the reasons behind legitimacy pursuits, as discussed in the following section. However, there is still much potential to explore connections with other research streams that can enhance the field of social enterprise legitimacy and contribute to theory development. For instance, although our aim was to analyse research at the intersection of social enterprise legitimacy and EEs, we were unable to include any papers in the final sample that combine these two perspectives.

FINDINGS AND ANALYSIS

Below, we present the results of our review through six analytical themes that provide insights into the reasons behind social enterprise legitimacy: (1) acquiring tangible resources—financial and material investment; (2) acquiring intangible resources—community support and trust; (3) competing with commercial businesses and NPOs; (4) signalling compliance with competing stakeholder demands; (5) overcoming institutional challenges; and (6) creating social impact and institutional change. Table 3 provides an overview of each theme, including the corresponding strategies, the ecosystem actor and institution it addresses, and the study context in which it has been addressed. The analysis incorporates the ecosystem framework, combining the meso and macro dimensions of actors operating within EEs (governments, investors, development agencies, customers, employees, beneficiaries, communities) with formal (policy, market, finance, media) and informal (culture, human capital) institutions based on North's (1990) framework.

In the following sections, each theme is discussed in detail (for a comprehensive overview, refer to the online [Supplementary Material](#)). The findings also show that legitimization strategies within each theme are characterized by a collaborative nature (e.g., cross-sector collaborations, networks, partnerships, discursive governance), structural nature—referring to organizational structure and governance mechanisms (e.g., business registration, legal structure, business planning, conglomeration) or communicative nature (e.g., rhetoric, advocacy, storytelling, impact measurement, social engagement). Each strategy is discussed in the following subsections.

Theme 1: Acquiring tangible resources—financial and material investment

The predominant area of inquiry in the realm of social enterprise legitimacy strategies pertains to resource acquisition. Research has primarily focused on tangible resource acquisition, encompassing financial, technological, infrastructural and material resources. A key legitimacy strategy employed for resource acquisition is forging *cross-sector collaborations* (Huybrechts & Nicholls, 2013; Ma et al., 2022). Collaborations with resource-rich actors and local opinion leaders can serve as a dominant condition for legitimacy among *communities*, as they help align key discourses and norms of the community with their own interests (Muñoz & Kibler, 2016), making the role of social networks crucial in gaining legitimacy (Barraket et al., 2021; Bunduchi et al., 2022). Additionally, Jenner's (2016) study among Australian and Scottish social enterprises confirms the positive effect of *networks* on research acquisition. While collaborations and networks, as formal support structures, were found to be effective, it is important to note that not all contexts provide such effective formal support. For example, in Australia, social enterprises did not receive government or intermediary support, whereas Scottish enterprises did. For that reason, international networks play a crucial role in connecting enterprises across regions and providing supportive structures in contexts where they are lacking.

From a structural strategy perspective, official *business registration* of a social enterprise, whether as a for-profit or non-profit entity, is considered a significant step towards resource acquisition. However, research conducted in Guatemala has revealed that while official registration can grant legitimacy to certain actors, it can also pose challenges in other aspects. While registered enterprises may enjoy enhanced access to labour and financial capital from *investors*, official registration can expose entrepreneurs to criminal elements who may engage in bribery and extortion. The benefits of formal registration are thus context-dependent and may not always be desirable from an informal standpoint (Kistruck et al., 2015). Another important decision to consider is the *choice of legal structure*. Social enterprises face a particular challenge, as there is currently no dedicated legal framework for this type of organization in most countries. Consequently, most social enterprises must choose between registering as a for-profit or non-profit entity, a decision that can significantly affect their resource acquisition strategies and legitimacy. Certain countries introduced new legal forms, like Italy's creation of social cooperatives or the United States' low-profit limited liability company (L3C) as well as benefit corporations. These new structures are envisioned to allow for a hybrid organizational structure to

TABLE 3 Analytical themes for social enterprise legitimacy across contexts and institutions.

Analytical themes (Why gaining legitimacy?)	Strategies that address this theme (How gaining legitimacy?)	EE actor and institution (Who is addressed?)	Where has this issue been addressed? (Country classification)	Authors addressing this issue
Acquiring tangible resources: financial and material investment	Collaborative strategies	<ul style="list-style-type: none"> Government (<i>Policy</i>) Investors (<i>Finance</i>) Development agencies (<i>Finance</i>) Customers (<i>Market</i>) Employees (<i>Human capital</i>) Media (<i>Media</i>) Community/society (<i>Culture</i>) 	Developed (24)	Abedin et al. (2021), Akella (2018), Akemu et al. (2016), Barraket et al. (2016, 2021), Bennett (2016), Bradford et al. (2018, 2020), Bunduchi et al. (2022), Huybrechts and Nicholls (2013), Jenner (2016), Joy et al. (2021), Kistruck et al. (2015), Kuosmanen (2014), Lall (2019), Lang and Fink (2019), Larner and Mason (2014), Lee et al. (2018), Lehner and Nicholls (2014), Lent et al. (2019), Luke et al. (2013), Ma et al. (2022), Molecke and Pinkse (2017, 2020), Muñoz and Kibler (2016), Nicolopoulou et al. (2015), Sarma and Mishra (2022), Sarpong and Davies (2014), Siwale et al. (2021), Smith et al. (2021), Teasdale (2010), Vestrum et al. (2017), Wang and Zhou (2020), Weerakoon et al. (2019), Yang et al. (2018)
	<ul style="list-style-type: none"> Cross-sector collaboration and formal networks 		Developing (5)	
	Structural strategies		Emerging (5)	
	<ul style="list-style-type: none"> Business registration Legal structure choice Business planning Social and financial reporting Accountability Performance and impact measurement 			
	Communicative strategies			
	<ul style="list-style-type: none"> Distinctiveness claims Storytelling, narratives Stakeholder engagement Place attachment Social crowdfunding Public promotion 			
Acquiring intangible resources: community support and trust	<ul style="list-style-type: none"> Collaborative strategies Social engagement Structural strategies Accountability Harvesting commercial and social demands Complying to norms by hiring industry experts Communicative strategies Advocacy Storytelling 	<ul style="list-style-type: none"> Government (<i>Policy</i>) International organizations (<i>Finance</i>) Customers (<i>Market</i>) Community/society (<i>Culture</i>) 	Developed (8) Emerging (2)	Bolzani et al. (2020), Czinkota et al. (2020), Finlayson and Roy (2018), Ko and Liu (2021), Kolodinsky et al. (2022), Margiono et al. (2019), Marshall and Novicevic (2016), Mason (2012), Sabella and Eid (2016), Yin and Chen (2018)

(Continues)

TABLE 3 (Continued)

Analytical themes (Why gaining legitimacy?)	Strategies that address this theme (How gaining legitimacy?)	EE actor and institution (Who is addressed?)	Where has this issue been addressed? (Country classification)	Authors addressing this issue
Competing with commercial businesses and NPOs	Collaborative strategies <ul style="list-style-type: none"> Partnerships with national institutions Structural strategies <ul style="list-style-type: none"> Hybrid legal structure Communicative strategies <ul style="list-style-type: none"> Socialization strategies 	<ul style="list-style-type: none"> National experts of public institutions (<i>Policy</i>) Investors (<i>Finance</i>) Customers (<i>Market</i>) Volunteers (<i>Human capital</i>) Community (<i>Culture</i>) 	Developed (2) Emerging (1)	Chen et al. (2020), Kibler et al. (2018), Zollo et al. (2022)
Signalling compliance with competing stakeholder demands	Collaborative strategies <ul style="list-style-type: none"> Discursive governance process Stakeholder engagement Social accounting Structural strategies <ul style="list-style-type: none"> Accountability Impact measurement Communicative strategies <ul style="list-style-type: none"> Rhetoric 	<ul style="list-style-type: none"> Investors (<i>Finance</i>) Donors (<i>Finance</i>) Customers (<i>Industry</i>) Managers Employees (<i>Human capital</i>) Beneficiaries (<i>Culture</i>) Community/society (<i>Culture</i>) 	Developed (5) Developing (1)	Barraket and Youssefpour (2013), Granados and Rosli (2020), Mason (2010), Mason and Doherty (2016), Ramus and Vaccaro (2017), Sarma (2017)
Overcoming institutional challenges	Collaborative strategies <ul style="list-style-type: none"> Aligning with high-profile actors and connecting to a societal level discourse Work with intermediaries National Systems of Innovation (NSI) Structural strategies <ul style="list-style-type: none"> Establish conglomeration Communicative strategies <ul style="list-style-type: none"> Narratives & storytelling 	<ul style="list-style-type: none"> Government (<i>Policy</i>) Donors (<i>Finance</i>) Industry (<i>Market</i>) Community (<i>Culture</i>) 	Developed (1) Developing (2) Emerging (4)	Bhatt et al. (2019), Jian (2017), Kerlin et al. (2021), Levander (2010), Liu et al. (2016), Rao-Nicholson et al. (2017)
Creating social impact and institutional change	Collaborative strategies <ul style="list-style-type: none"> Establishing partnerships with local leaders Structural strategies <ul style="list-style-type: none"> Digital transformation Communicative strategies <ul style="list-style-type: none"> Stakeholder incentives Rhetoric 	<ul style="list-style-type: none"> Investors (<i>Finance</i>) Government (<i>Policy</i>) Beneficiaries (<i>Culture</i>) Community (<i>Culture</i>) 	Developed (4) Developing (4) Emerging (1)	Aisaiti et al. (2021), Chandra (2017), Folmer et al. (2018), Lashitew et al. (2020), Raghubanshi et al. (2021), Ruebottom (2013), Sengupta et al. (2021), Smith & Woods (2014), Venugopal and Viswanathan (2019)

blend the for-profit and non-profit models. Nevertheless, the strategic choice of legal structure has a significant impact on the resources available to social enterprises. For-profit social enterprises have access to financial resources from *investors*. Non-profit social enterprises, on the other hand, rely on donations from *philanthropic individuals*, *foundations* and *government agencies*. Yet only a limited availability of investors who blend both logics exist. The choice of legal structure, therefore, legitimizes the social enterprise towards one type of resource provider and social enterprises need to choose which option is more advantageous. The legal structure choice also affects the industry in which the social enterprise operates and the competitors it faces (Joy et al., 2021).

Further, Barraket et al.'s (2016) research on social businesses in Australia suggests that conducting *business planning* to enhance performance is an effective way of accessing *government* funding. Typically, *investors* and *government* bodies invest based on traditional market principles that emphasize *financial reporting*, with high revenues serving as a means of legitimizing the enterprise. In contrast, *society* expects to see social impact demonstrated through *social reporting* (Abedin et al., 2021). Bradford et al. (2020) investigated *accountability* priorities in Australia and found that financial accountability was generally considered more important due to the need for financial sustainability to effectively pursue social goals. There is greater emphasis on legitimacy from *investors* and *governments* (formal institutions) as a means of acquiring funds and commercial contracts. *Impact measurement* is primarily seen as a symbolic practice aimed at gaining legitimacy from socially motivated investors or community members, but it had a lower priority. Expectations regarding measurement and reporting varied depending on the target audience. In a study conducted across several developing countries, it was revealed that funding organizations required more rigorous practices such as programme evaluations, while impact investors expected ongoing performance measurement (Lall, 2019). However, depending on the nature of the social enterprise and the background of the manager, social impact measurement may receive greater attention, potentially reducing accessibility to financial investments (Luke et al., 2013).

Finally, communicative strategies are executed by social enterprises to gain legitimacy. According to Smith et al.'s (2021) study on social enterprise beacons experiencing failure or underperformance, the use of *distinctiveness claims* can establish a legitimate identity for social enterprises that is independent of the beacon organization. This finding is significant as it allows these social enterprises to attract potential *investors*, even in cases where the beacon organization has faced failure or underperformance. For example, companies create distance from the beacon organization by presenting their workers as experts,

highlighting their experience and approach to tasks. They also emphasize their distinct values and roles in providing for their beneficiaries, further establishing their unique identity.

Next to distinctiveness claims, other forms of rhetoric such as *storytelling* and compelling *narratives* contribute to legitimacy towards *community members*. These communication techniques enable social enterprises to achieve *stakeholder engagement*, attract human resources and enhance their status in society. By effectively crafting and sharing their stories, social enterprises can build emotional connections, evoke empathy and demonstrate their social impact, thus gaining legitimacy and support from community members. Storytelling serves as a powerful tool for creating stakeholder engagement and establishing the social enterprise as a credible and trusted organization (Akemu et al., 2016; Sarpong & Davies, 2014). *Place attachment*, which refers to the strong emotional bond between a social entrepreneur and the local community, as well as their closeness to a specific place, has also been found to be a legitimacy strategy. It is signalled by positioning themselves as advocates of the local community. A study conducted in rural Ireland and Greece has shown that demonstrating instrumental and emotional place attachment has led to accessing resources from both *governments* and *communities* (Lang & Fink, 2019). Additionally, *social crowdfunding* has emerged as a means to attain legitimacy from the *community* in which a crowdfunding campaign is conducted. Particularly, social crowdfunding platforms are often referred to as 'ecosystems' that bring together various actors. Being present on social crowdfunding platforms facilitates early engagement with society, and the support received from community members, demonstrated through investments in a social business, signals heightened legitimacy to other stakeholders (Presenza et al., 2019).

Nevertheless, not all strategies guarantee success. *Public promotions*, for instance, have been found to have unintended negative consequences on legitimacy. In a case study conducted by Lee et al. (2018) on a Work Integration Social Enterprise (WISE), the authors discovered that an aggressive communication strategy that involved publishing pictures of marginalized and vulnerable employees actually lowered the self-esteem of these employees. As a result, their organizational commitment diminished, ultimately undermining the legitimacy of the enterprise.

Theme 2: Acquiring intangible resources—community support and trust

A second reason why social enterprises strive to gain legitimacy is to acquire intangible resources. Among these, community support and trust emerge as recurring themes

in research, with a specific focus on the *community* as the primary recipient of legitimacy efforts. Trust plays a crucial role within informal actors, including informal networks and social ties. Building trust can be particularly difficult, especially in areas where formal institutions are weak or unstable. Once trust is established, social enterprises can leverage it to garner support for their mission. To enhance the likelihood of public support, social enterprises must demonstrate their unwavering commitment to fulfilling their obligations (Mason, 2012) and meeting the expectations set by actors in the institutional context (Czinkota et al., 2020). One approach to gaining trust and community support is through *social engagement*, which involves actively listening to the *community*, respecting their needs and managing their interests in a fair and ethical manner. A study conducted in Palestine has explored a relationship-oriented social enterprise model that actively engages all community stakeholders to cultivate ongoing trust and support (Sabella & Eid, 2016). However, when the social enterprise is not indigenous to the community it is aiming to benefit, gaining community support requires more collaborative and hands-on strategies. Miscommunication and irrelevant solutions to existing social problems are common when beneficiaries are not consulted in advance of project implementation. Empowering communities to co-create their own solutions and involving them in project development and implementation is crucial for building trust, gaining support and facilitating successful problem-solving. The case study conducted in Scotland by Finlayson and Roy (2018) highlights the importance of avoiding confusion during project implementation in a local Scottish community where community members did not understand the purpose of the project. In such cases, discursive legitimacy building becomes essential, emphasizing the need to empower communities to co-create solutions and actively involve them in the development and implementation of projects. Cultivating a culture of ownership among beneficiaries and fostering collaboration has been found to be effective in generating continuous trust and support (Sabella & Eid, 2016).

Secondly, social enterprises can accomplish intangible resource acquisition through strategies of a structural nature, such as the implementation of various *accountability* mechanisms, including compliance reporting with established authorities and obtaining certification (Kolodinsky et al., 2022). Social enterprises often face a dual challenge when it comes to building trust and support. On the one hand, they need to establish trust and support for their solutions to social problems. On the other hand, the social entrepreneurs themselves may require trust and support from the community and public institutions to enhance their own social status. For instance, in the context of a transnational social enterprise

between Italy and Ghana, migrant entrepreneurs seek to escape marginalization in society by becoming social entrepreneurs. By *harvesting social and economic demands*, these migrant entrepreneurs have emerged as significant contributors in the development sector, thus improving their socioeconomic status. The legitimacy of their organization has played a positive role in enhancing the social status of these entrepreneurs. Gaining the trust and support of the *community*, *government* and *transnational organizations* has been crucial in advancing their position in society and achieving entrepreneurial success (Bolzani et al., 2020). Institutional constraints faced by migrants and other marginalized groups, especially within informal institutional environments, exacerbate the difficulties of running a social enterprise. The need to *comply with existing norms* becomes more crucial, making the establishment of a hybrid social enterprise more challenging. In the case of Mound Bayou, an all-black social enterprise founded in 1874 in the United States, which combined a system of self-governance with empowerment in performing plantation jobs, legitimacy was achieved through institutional conformance. This was accomplished by *hiring non-black executives with prestige and expertise*, thereby outwardly conforming to the prevailing racist beliefs of the time (Marshall & Novicevic, 2016). Seeing legitimized actors involved in the social enterprise creates trust within the *community* and gradually extends to trust towards Afro-Americans. This spillover of trust and support from these legitimized actors onto the social enterprise and the entrepreneur helps in overcoming marginalization and enhancing public status.

Additionally, communicative strategies can be utilized and have shown effective for instance when social enterprises undergo a transition from a non-profit to a for-profit model. In such a scenario, *advocacy* aims to maintain the trust and support of existing stakeholders while also gaining the support of new stakeholders, such as *investors* (Ko & Liu, 2021). Furthermore, the use of *storytelling* to convey stories of people in poverty, environmental degradation or animal suffering is a way to gain support and legitimacy within *communities*. Presenting the social enterprise as a heroic actor solving a stated issue has worked in the Australian case of Margiono et al. (2019).

Theme 3: Competing with commercial businesses and NPOs

The blend of social and commercial institutional logics in social enterprises is generally considered an obstacle to establishing legitimacy. While producing high-quality products or services is necessary, it is insufficient for social enterprises to establish legitimacy. Instead, they must also

address social issues that are deemed valuable by their stakeholders. Due to their dual mission of achieving social goals and financial profitability, social enterprises may face reduced competitiveness in terms of pricing and quality compared to solely profit-driven firms. As a result, customers' validation of a social enterprise's legitimacy is significantly influenced by their identification with the organization's social mission (Chen et al., 2020). At the same time, social enterprises are not regarded as social as non-profit organizations (NPOs), because they earn profits from their social activities. Therefore, they face competition for resources, market share, customers and employees from both commercial businesses and NPOs. A collaborative strategy to achieve legitimacy is the establishment of beneficial *partnerships with national institutions* committed to the same goals, as a way to gain support and overcome competitors. Kibler et al.'s (2018) study across 11 European Union states has shown that social enterprises enjoy higher legitimacy among national experts (*government, investors*) in states where either the liberal logic or the socialist logic dominates. Evaluative legitimacy was found to be highest in the United States and Switzerland, where the liberal political structure provides fertile ground for private social businesses due to limited social welfare provision by the state, resulting in a high appreciation of social business solutions. On the other hand, social enterprises in socialist states were found to create synergies with the state's social welfare provision, where the state has significant control over both the social welfare sphere and the market sphere. Through public-private partnerships, social businesses can build stable relationships with national institutions and benefit from their support and joint welfare provision, as exemplified by Finland. Such partnerships with national institutions lead to legitimacy among the *community, investors* and *customers*. However, in countries where the coordination of the market sphere is high but the social sphere is low, such as in the case of South Korea or Greece, the state offers little direction for social enterprises to solve social problems while simultaneously limiting their operational freedom in the market. Hence, national institutions are less likely to be interested in partnerships with social enterprises. In these settings, social enterprises have lower evaluative legitimacy (Kibler et al., 2018).

On the one hand, social enterprises compete with conventional commercial enterprises, while on the other hand, they vie with NPOs for funding and charitable contributions. While only a few nations have established a distinct legal framework for social enterprises, the absence of such a framework globally means that social enterprises are often assessed alongside traditional commercial businesses or non-profit organizations based on their chosen legal structure. This dual identity leads to legitimacy con-

straints. Zollo et al.'s (2022) study in Italy has shown that gaining legitimacy was facilitated by adopting a *hybrid legal structure*—a mother-satellite structure or a compartmentalized structure—which allows combining multiple identities without losing legitimacy with internal stakeholders (*employees, volunteers*) or external stakeholders (*investors, donors, government, community*). Implementing a compartmentalized model provides the social enterprise with the option to have two separate entities: one for-profit and one non-profit. This model allows the for-profit entity to compete equally with for-profit market competitors, while the non-profit entity benefits from donations and volunteer participation. The mother-satellite model integrates external for-profit divisions (satellites) into the mother entity. The satellites aim to expand for-profit activities, enabling them to compete with for-profit competitors on an equal and fair basis without growth constraints. However, creating two separate entities requires a higher organizational effort and may not be desirable, especially for nascent social enterprises.

Furthermore, social enterprises can employ *socialization strategies* to gain legitimacy from *customers*. Chen et al. (2020) found that through group socialization, task socialization and organization socialization, social enterprises were able to gain legitimacy among customers in China. Group socialization aims to form customer communities to leverage the influence among individuals within the group, such as joint purchasing and community activities. This strategy ultimately eliminates misunderstandings regarding the dual characteristics of social enterprises and fosters cohesion among individual customers. Through task socialization, customers acquire the knowledge and skills needed to understand the social enterprise's products and services, thereby enhancing the user experience. Finally, organization socialization strategies help customers internalize the social enterprise's mission, associated values and behavioural norms. When customers genuinely identify with the social enterprise's values and norms, they are more likely to demonstrate loyalty and participation, enabling the social enterprise to outperform its competition.

Theme 4: Signalling compliance with competing stakeholder demands

The amalgamation of social objectives and entrepreneurial approaches presents legitimacy challenges to social enterprises from both an internal and external perspective. The internal viewpoint suggests that the hybrid nature of social enterprises creates managerial tensions, particularly concerning mission, finance and people management aspects. This is due to potential conflicts of interest between board

members, managers, employees and beneficiaries, which can lead to organizational uncertainty, decreased loyalty and reduced job satisfaction. Consequently, mission drift can occur when either the social or financial objectives are emphasized to the detriment of the other (Ramus & Vaccaro, 2017).

In contrast, the external perspective highlights how stakeholder demands from the social enterprise's environment—such as the community, investors or politics—create compliance requirements for the business. This is due to the competing demands expressed by stakeholders, which necessitate strategic management of these demands to maintain legitimacy among important actors (Mason, 2010).

Research conducted in the United Kingdom has shown that social enterprises can employ a *discursive governance process* to address the issue of mission drift and organizational uncertainty. This approach involves creating a governance structure that provides opportunities for representatives of all stakeholders to engage in discursive decision-making, which can lead to legitimacy across all actors. Governance actors consistently reaffirm their commitment to the social mission of the enterprise. However, despite the benefits of this approach, conflicts of interest persist within governance boards, and the evidence suggests that tensions between *beneficiaries/producers*, *investors* and *managers* cannot be fully resolved due to power imbalances that shape decision-making processes (Mason & Doherty, 2016). In their study conducted in the United Kingdom, Granados and Rosli (2020) found that *stakeholder engagement* is a crucial factor in achieving legitimacy by establishing supportive and collective systems that involve stakeholders in creating positive impressions. By developing close relationships with their stakeholders, particularly the local *community*, social enterprises can keep them informed and involved. They also cooperate with local stakeholders to maximize their impact and communicate their mission, building reputation and credibility by demonstrating their expertise. Another study found that collaborative planning of social projects has effectively countered ongoing mission drift in a WISE in Italy. These findings indicate that *stakeholder engagement* is a critical aspect of social enterprise legitimacy and should be prioritized in social enterprise management strategies (Ramus & Vaccaro, 2017). It is important to combine *stakeholder engagement* with *social accounting* practices, such as publishing social reports, measuring social impact and sharing newsletters and books that describe the achievements and stories of the social enterprise. These practices help stakeholders, including *customers*, understand the values and motivations of the organization and allow them to be part of its development. Additionally, showcasing achievements

through social accounting can make stakeholders perceive them as personal achievements as well.

Mason's (2010) quantitative study conducted in the United Kingdom highlights the interconnection between *accountability* and legitimacy in the context of social firms, providing insights into structural legitimacy strategies. The study suggests that audits, social return on investment (SROI) and social accounting are mechanisms through which social firms can demonstrate accountability to their *beneficiaries*. *Impact measurement*, on the other hand, is a tool valued by *employees* as it supports their motivation and professional development. It also allows social enterprises to celebrate their successes with *beneficiaries* and *volunteers*. Importantly, undertaking impact measurement is often a funding requirement for social enterprises. Understanding the target audience of impact measurement is crucial for improving measurement and reporting practices, with *donors* typically interested in evidence of project effectiveness, while *beneficiaries* and *staff* prioritize programme and individual success stories (Barraket & Yousefpour, 2013).

Sarma (2017) proposes *rhetoric* as a communicative strategy to overcome organizational uncertainty and gain stakeholder legitimacy in social enterprises. The author notes that a set of arguments was used in the case of a social enterprise in India to justify the organizational transition from a non-profit model to a for-profit social enterprise. By framing the transformation as beneficial to serving the social mission and improving efficiency and sustainability, the enterprise presented the strength and necessity of the new legal framework. The use of rhetoric reinforced the mission and emphasized the benefits for *society*. The author suggests that employing different arguments enabled the social enterprise to address various stakeholders. For instance, arguments regarding efficiency and productivity were used when engaging with *investors*, while arguments highlighting increased benefits for *beneficiaries* were used when communicating with the community. This strategy allowed for the maintenance of organizational legitimacy in the face of potential mission drift (Sarma, 2017).

Theme 5: Overcoming institutional challenges

The aforementioned themes represent the reasons for legitimacy pursuit from an organizational meso-level perspective, focusing on the interplay between social enterprises and their stakeholders. However, social enterprises face numerous institutional challenges that vary among countries due to differences in formal institutions, such as the absence of regulations, and informal institutions, such as

misunderstandings of the SE concept. These institutional environments pose additional legitimacy challenges for social enterprises from a macro perspective. For instance, in China, the scarcity of social enterprises can be attributed to norms that emphasize a strong role for the government, a lack of clarity regarding the role of social enterprises, and the absence of sociocultural values that support their establishment (Bhatt et al., 2019). One legitimization strategy identified in the context of China is to *align with high-profile actors* and *connect to a societal-level discourse*. Liu et al.'s (2016) study shows that endorsement from government officials was an essential step in achieving legitimacy and being able to operate. Similarly, entering the public discourse and enhancing a positive image in the eyes of *society* was achieved by producing movies about social causes with famous actors to attract attention and engage the community. Another effective strategy for social enterprises to attain legitimacy is to *work with intermediaries*. Kerlin et al. (2021) demonstrate how intermediaries, such as accelerators, incubators and their advocates in China and India, function as agents of credibility for social enterprises in their hybrid and indistinct field. The study revealed that strategies vary across countries due to differences in institutional pressures. In China, societal expectations that social causes should not incur fees are likely influenced by the communist governance mindset, which dictates that for-profit entities should not participate in social service delivery. Intermediaries in China, therefore, encourage social enterprises to subordinate their social mission to comply with social expectations and gain legitimacy towards the *government* and *society*. In India, on the other hand, social enterprises were widely seen as a viable alternative to the state's welfare provision. In China, intermediaries work closely with the government to establish legitimacy, whereas in India, intermediaries mitigate foreign pressures from international donors, which hold significant influence in the Indian context. Collaborating with academia, transnational and non-state actors can also prove to be a fruitful strategy in achieving legitimacy. In India, the government's support as part of the *National System of Innovation (NSI)* conferred legitimacy to social enterprises among other partners. The collaborative nature of NSI allows for legitimacy creation among *industry* players, public institutions, NGOs and international organizations, thereby moving towards a more inclusive model of social innovation (Rao-Nicholson et al., 2017).

On a formal institutional level, social enterprises employ legitimacy strategies of a structural nature to bypass regulatory restrictions. Jian's (2017) study highlights the *establishment of a conglomeration* as a formal institutional strategy adopted by social enterprises to overcome regulatory barriers. In China, where formal policies for social enterprises were non-existent, charitable organizations

were prohibited from public fundraising, while commercial organizations faced high taxation rates. The Canyou initiative used conglomeration as a means to leverage the benefits of both policies by creating separate organizations under a single conglomerate. This allowed them to access lower tax rates and the ability to fundraise publicly (Jian, 2017). This hybrid company structure enabled legitimacy towards the *government* and resolved the issue of a missing legal framework for social enterprises.

How social enterprises are framed within the national discourse is crucial for legitimacy building. Levander (2010) demonstrates how, in Sweden, success stories of social enterprises are constructed around the idea of transforming problem identities into resourceful identities, thereby strengthening the identity of social enterprises as innovative agents that benefit *society* and address the challenges of the welfare state. The *narratives* crafted by official organizations portray social enterprises as proactive agents. Utilizing communicative strategies such as *storytelling* to anchor value and justify the mission of social enterprises to the *public* through media campaigns and press conferences is a way to raise awareness.

Theme 6: Creating social impact and institutional change

The sixth theme pertains to the creation of social impact and institutional change, which is a crucial aspect for social enterprises. The fundamental element of their business model is to generate social impact. Moreover, social enterprises often strive to go beyond their primary objectives by challenging entrenched institutionalized norms and practices (Chandra, 2017). However, the capacity of social enterprises to generate social impact and drive institutional change can be impeded if they fail to attain legitimacy. Research on institutional change has demonstrated that a grassroots institutional change approach begins with social enterprises acquiring legitimacy among community members by *establishing partnerships with local leaders*, who act as gatekeepers for acceptance into a *community*. This relational groundwork is pivotal for gaining entry into *communities*, but building enduring relationships can be challenging. It is imperative for local leaders to perceive the relationship as mutually beneficial rather than feeling threatened that their status is being undermined (Raghubanshi et al., 2021). Once social enterprises gain entry into the community through local leaders, they proceed to establish their identity by effectively communicating their mission and activities. In contrast to commercial enterprises, which often aim to build social networks to increase market share and generate profit, social enterprises utilize such networks for advocacy

purposes, such as lobbying for policy changes or raising awareness about social issues. By establishing relationships with individuals and organizations that share their social mission, social enterprises can amplify their voice and increase their impact (Folmer et al., 2018) or gain context-specific information and achieve embeddedness (Lang & Fink, 2019; Lashitew et al., 2020). Subsequently, institutional disruption occurs through various means, such as integrative dialogues, education and counselling, aimed at overcoming sociopolitical tensions, imparting new knowledge and fostering political discourse. Ultimately, transformative change is realized by forging connections between the necessary resources and stakeholders to sustain change, and by enhancing self-efficacy through capacity-building programmes that aim to cultivate new attitudes and behaviours (Venugopal & Viswanathan, 2019).

Furthermore, research has shown that *digital transformation* has a positive impact on social enterprise legitimacy. Digital technologies enable social enterprises to engage with various actors in a timely, transparent and effective manner. By enhancing limited organizational attention and smartly allocating internal resources, social enterprises can strengthen their trust and accountability towards *governments* or *private investors* who value efficiency. This ultimately increases legitimacy while simultaneously accelerating social impact through efficient digital solutions (Aisaiti et al., 2021).

From a communicative strategy perspective, the role of *stakeholder incentives* is crucial for social enterprises to attain legitimacy and foster institutional change. In this regard, social enterprises must effectively communicate the availability, accessibility, affordability, awareness and acceptability of their products or services to their intended *beneficiaries* (Sengupta et al., 2021). Lastly, Ruebottom's (2013) study conducted in North America revealed that social enterprises were able to position themselves as protagonists—grassroots, social and evidence-based—in contrast to the traditional market, which was portrayed as the antagonist—conservative, rigid and financially driven. This was achieved through the development of *rhetoric* by creating heroic and villainous images. Such tactics allowed social enterprises to garner support from *customers* and *investors* for social change and to depict those hindering social change as antagonists, thereby managing resistance to change.

DISCUSSION AND FUTURE RESEARCH AVENUES

Based on our analysis of 72 studies on social enterprise legitimacy, institutions and EE actors, we have identified

and explored six key themes that explain why social enterprises seek to secure legitimacy. Our investigation revealed that strategies for social enterprise legitimacy depend on the reason for pursuing legitimacy, the intended audience of the legitimacy pursuit, and the institutional context in which the enterprise operates. After careful consideration of the evidence, we have synthesized our findings into three categories: (i) institutional context dependency; (ii) closeness to the audience; and (iii) multidimensionality and process perspective. We propose this unifying depiction based on our analysis of social enterprise legitimacy strategies. This synthesis provides a basis for new understandings and conceptualizations of the strategies employed by social enterprises to legitimize themselves and draws attention to what emerged as key concepts for social enterprise legitimacy strategies. Additionally, our conceptualization offers broader implications for the future development and research areas in this field.

Institutional context dependency

Legitimacy strategies are shaped by context and institutions, and they cannot be understood or effectively executed without considering the underlying contextual forces based on history, culture, time or space (Welter, 2011). Strategies that lead to legitimacy in one context may not be equally effective in another. This becomes evident when examining the studies presented, such as the case of formalization in Guatemala (Kistruck et al., 2015). Similarly, studies have shown that in certain areas of Pakistan, business owners had to align with demands from Taliban members in order to operate their businesses without risking extortion or even their lives (Muhammad et al., 2016). Our six identified themes suggest that the institutional context influences choices in legitimation strategies. It is certainly not possible to replicate a strategy that has been successful in one context in another. Differences in social enterprise legitimacy strategies can also depend on a country's level of economic development or its political structure (Kibler et al., 2018). The example of the work of intermediaries in India and China (Kerlin et al., 2021) demonstrates the need for different approaches depending on the economic and political environment. It is evident that legitimacy strategies are sensitive to context, which is particularly true for social enterprises as they aim to address local social problems where context becomes even more relevant. Disregarding context can lead to unintended or misunderstood outcomes (Venugopal & Viswanathan, 2019). This calls for a greater focus on context to understand why, how and under which circumstances social enterprise legitimacy is achieved. However, existing research is limited to certain

regions of the world. There is a need for more attention to different, unexplored contexts and conditions in which SE occurs to enhance our understanding of social enterprise legitimacy. This opens up opportunities to investigate legitimacy building under extreme and adverse conditions, as we have limited knowledge about SE in many institutional structures and regions where the Western-centric model of legitimacy creation does not align with local realities, such as in South and Central America, Asia, Africa and Oceania (Haq et al., 2020). Based on the six identified themes and their analysis across different country perspectives, we propose that context should be addressed to contribute to legitimacy strategy choices. This includes considering the sociocultural, economic and political context in which the social enterprise operates.

Not only institutions but also actors within the EE surrounded by institutions require consideration. Although our findings show that different legitimacy strategies are employed to engage with various actors, one aspect that is missing from the debate is the acquisition of legitimacy from incubators and accelerators. Social enterprise incubators and accelerators are gradually emerging in different regions, but practitioners and scholars question the scalability potential of social enterprises (Lall & Park, 2022). This raises the question of how social enterprises navigate and respond to competing stakeholder demands. Can social enterprises compete and ultimately legitimize themselves within an EE? Or do we need to explore a specific social entrepreneurial ecosystem (SEE) framework, detached from the traditional EE, to better understand the distinct actors, dynamics and processes involved (de Bruin et al., 2023)? Future research in the field of SE should prioritize a deeper examination of the institutional context to better understand the processes through which social enterprises acquire legitimacy and identify the specific factors, institutions and dynamics that influence the success of such processes.

Closeness to the audience

Unlike traditional commercial businesses, the majority of social enterprises develop solutions that aim to serve a local community. To gain acceptance and legitimacy in the local context, closeness to the audience is one of the most important, if not the most important, asset (Seelos et al., 2011). Building community support and trust is crucial when serving vulnerable communities. The goal of meeting different stakeholder demands also plays a stronger role for social enterprises compared to commercial businesses, where shareholder values often take precedence. Therefore, a central category of legitimacy strategies that social enterprises implement is forming collaborations

with actors across the entire ecosystem. Collaboration is a key approach for building closeness and establishing trust and legitimacy. This can take various forms, such as NSI, partnerships with local opinion leaders and gatekeepers, communities of practice, intermediaries, discursive governance processes, stakeholder participation and engagement, and partnerships with national institutions, as identified and discussed across the six themes. Successful and robust collaborations with various institutional actors can have positive spillover effects on other strategies. For instance, strong collaborations with local leaders through informal ties can reduce the need for official business registration and lead to legitimacy among various stakeholders. However, balancing collaborations with different stakeholders is particularly challenging in contexts with low trust towards officials and conflicting expectations between society and the public sector. In these contexts, collaborations may create negative spillover effects. Collaborations with public bodies in countries or municipalities with high levels of corruption might undermine the legitimacy of social enterprises towards other stakeholders. Evidence of this phenomenon can be found in cases where entrepreneurs gain legitimacy from gangs, mafia, drug cartels or terrorist groups to avoid extortion, but at the same time lose legitimacy from governments, communities, customers and investors if they are unable to balance strategies and convince stakeholders of their rightful mission (Muhammad et al., 2016). In regions where the government is neither trusted nor accepted by society, gaining legitimacy from the government could have negative implications and result in a loss of legitimacy within society. The same question can be raised regarding legitimacy conferred by donor agencies in certain developing countries or by other actors within the ecosystem who are neither trusted nor accepted. Collaborations with illegitimate actors may not lead to legitimacy. It is relevant to explore such negative consequences of legitimacy strategies and how social enterprises can design legitimacy strategies that avoid such outcomes. This calls for more research that identifies interdependencies, spillover effects and possible negative consequences of legitimacy strategies, especially when it comes to collaborations.

Multidimensionality and process perspective

The goal to achieve legitimacy is a multidimensional endeavour as the identified themes show. On a firm level, social enterprises aim to acquire resources (theme 1 and 2), on an industry and/or ecosystem level they try to compete with commercial businesses and NGOs (theme 3) and signal compliance with competing stakeholder demands

(theme 4), while on a macro level they try to overcome institutional challenges (theme 5), create social impact and institutional change (theme 6). This multidimensionality of legitimacy strategies creates complexity that social enterprises need to deal with. This complexity gets intensified under the aspect that ecosystems and institutions are dynamic and bound to change, as outlined previously. The dynamic nature of such contexts, especially in emerging and developing countries where changes happen more frequently compared to developed countries (Estrin et al., 2013), calls for longitudinal investigations of legitimacy acquisition and how strategies change throughout time. Under such circumstances, understanding processes of legitimacy formation is a relevant field of investigation. After all, legitimacy is not something that is won at one point in time and always kept. It is an asset that needs to be developed throughout time, that can increase but also decrease. A legitimacy-as-process perspective (Sudaby et al., 2017) investigating the process and order of addressing legitimacy from different stakeholders across different dimensions is yet to be subject to future explorations. This will allow us to understand legitimacy from a holistic perspective.

IMPLICATIONS

This SLR examines the topic of social enterprise legitimacy within the context of institutional factors and EE actors. The study holds practical and theoretical significance as social enterprises, being hybrid organizations, continue to face significant challenges in establishing legitimacy in many regions globally. Our research contributes to the existing literature by elucidating the relationships between social enterprise legitimacy, EE actors and the underlying institutional context, answering key questions of why, how, who and where social enterprise legitimacy is pursued.

The findings of our study offer valuable insights for social enterprises, enabling them to identify strategies that can enhance their legitimacy among diverse stakeholders and institutions within their specific contexts. By utilizing the identified strategies, social enterprises can assess which approach is most effective for each stakeholder and accordingly execute their legitimacy pursuit to gain or strengthen legitimacy.

Furthermore, policymakers at national and international levels can leverage this knowledge to gain a better understanding of regional variations in institutions and ecosystems, thus facilitating more effective support for social enterprise development across countries. Policymakers play a crucial role in establishing institutional arrangements that foster the creation of EEs. Develop-

ing a comprehensive SE strategy policy plan can generate awareness and formalize the concept of SE. Establishing a separate legal framework and formal definition for social enterprises is an initial step towards formal legitimacy, providing them with a distinct legal identity, expanding investment opportunities and bolstering their formal legitimacy. Policymakers can further promote social enterprise development by reducing taxation or value-added tax (VAT) on social enterprise products and services, which would stimulate sectoral growth and enhance the creation of social impact. Additionally, creating impact investment funds with support from policymakers can reduce competition with commercial enterprises for investments. Through these actions, policymakers have the potential to foster social and economic impact by supporting the development of social enterprises.

In conclusion, this SLR sheds light on the multifaceted aspects of social enterprise legitimacy, taking into account institutional contexts and EE actors. The insights provided can guide social enterprises in their legitimacy pursuits, while policymakers can leverage this knowledge to create enabling environments for social enterprise development. By enhancing the legitimacy of social enterprises, we can pave the way for greater social and economic impact.

Another direct action that the findings imply is to develop a stronger focus on creating cross-organizational and cross-sectoral collaboration and partnerships, as collective actions and partnerships were found to be a very important tool to boost legitimation. Despite the benefits of collaboration, institutional contexts have created challenges that hinder successful collaboration. This paradox is evident in situations where social enterprises compete with NPOs for grants and commercial businesses for investments, resulting in a lack of partnering and diminished social impact (Abedin et al., 2021). This practice is counterproductive, and it is important to encourage financial institutions and international donors to distribute grants and investments equally among all project partners working together to address a specific social problem. This approach would promote collaboration and enhance the potential for collective impact. Collaborations need to encompass all ecosystem actors to be effective. In developing countries, the role of development agencies is crucial in enabling and supporting cross-sector collaboration. Development funds should, therefore, be allocated to collaborative project proposals rather than individual ones. This can ultimately enhance collaboration between social enterprises and non-profit organizations (NPOs), thus reducing competition. Creating awareness of the legitimacy challenges that social enterprises face among different stakeholders can ideally lead to increased understanding, consideration and improvement in the conditions surrounding these challenges.

CONCLUSION

The aim of this paper was to investigate why social enterprises want to gain legitimacy, how they are doing it, and which ecosystem actor they target in their legitimacy pursuits by combining literature from the theoretical fields of social enterprise legitimacy, institutional theory and the EE framework. We evaluated and synthesized 72 research papers and identified six analytical themes that summarize the six main reasons why social enterprises pursue legitimacy. Alongside these reasons for legitimacy pursuit, we investigate within each theme how legitimacy is pursued by analysing the strategies that are used. Furthermore, we identify the ecosystem actors as part of the wider institutional context addressed (who and where) with the individual legitimacy strategies.

Synthesized into three categories of discussion (institutional context dependency, closeness to the audience, multidimensionality and process perspective), we argue that the design, execution and outcomes of legitimacy strategies are heavily influenced by the institutional context and the actors that social enterprises seek to engage with. Thus, institutional conditions across place, time and space play a crucial role in determining the success of social enterprise legitimacy strategies. Furthermore, the six identified themes and corresponding strategies highlight the importance of social enterprises' closeness to their audience and how social enterprises try to achieve legitimacy on multiple dimensions, creating complexity and emphasizing the role of legitimacy dynamics and processes.

We are aware of some limitations of the study. Although we discovered differences in approaches to legitimacy between developed, emerging and developing countries, we acknowledge that there may be within-context heterogeneity as well as between-context homogeneity of legitimacy strategies that might not have been uncovered yet due to a lack of research in emerging and developing contexts. Future reviews might also focus on different readings that were outside the scope of this study (e.g., grey literature in the form of reports from international organizations), which might provide relevant insights into strategies that social enterprises utilize every day in their pursuit of legitimacy in their local surroundings.

Despite this, research in the domain of social enterprise legitimacy is still in its infancy (Ambati, 2020). By addressing the research questions posed, this study aims to provide a deeper understanding of the drivers behind legitimacy pursuits and assist practitioners in creating effective legitimacy strategies for social enterprises in the future, ultimately leading to an even greater positive social impact.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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