

---

This is an electronic reprint of the original article.  
This reprint may differ from the original in pagination and typographic detail.

Casasnovas, Guillermo; Chliova, Myrto  
**Legitimacy Trade-Offs in Hybrid Fields**

*Published in:*  
Organizational Hybridity: Perspectives, Processes, Promises

*DOI:*  
[10.1108/S0733-558X20200000069020](https://doi.org/10.1108/S0733-558X20200000069020)

Published: 07/12/2020

*Document Version*  
Peer reviewed version

*Please cite the original version:*  
Casasnovas, G., & Chliova, M. (2020). Legitimacy Trade-Offs in Hybrid Fields: An Illustration Through Microfinance, Impact Investing and Social Entrepreneurship. In *Organizational Hybridity: Perspectives, Processes, Promises* (Vol. 69, pp. 291-312). (Research in the Sociology of Organizations). Emerald. <https://doi.org/10.1108/S0733-558X20200000069020>

---

This material is protected by copyright and other intellectual property rights, and duplication or sale of all or part of any of the repository collections is not permitted, except that material may be duplicated by you for your research use or educational purposes in electronic or print form. You must obtain permission for any other use. Electronic or print copies may not be offered, whether for sale or otherwise to anyone who is not an authorised user.

# LEGITIMACY TRADE-OFFS IN HYBRID FIELDS: AN ILLUSTRATION THROUGH MICROFINANCE, IMPACT INVESTING AND SOCIAL ENTREPRENEURSHIP

Guillermo Casanovas  
Universitat Ramon Llull, Esade  
[guillermo.casanovas@esade.edu](mailto:guillermo.casanovas@esade.edu)

Myrto Chliova  
Aalto University School of Business  
[myrto.chliova@aalto.fi](mailto:myrto.chliova@aalto.fi)

**Guillermo Casanovas** is a postdoctoral fellow at Esade Business School and holds a PhD from the University of Oxford, Saïd Business School. His research is focused on the early moments of new markets and fields, with special emphasis on empirical contexts at the intersection of social, business, and public sectors.

**Myrto Chliova** is Assistant Professor of Entrepreneurship at Aalto University School of Business. She received her PhD from Esade Business School. Her research falls at the intersection of organization studies and entrepreneurship, with a focus on the ways that emergent organizations attempt to tackle grand challenges such as poverty, inequality and refugee crises.

**Acknowledgements:** The two authors have contributed equally and they are listed in alphabetical order. We would like to thank the editors Marya Besharov and Bjoern Mitzinneck for their helpful feedback and guidance.

**ABSTRACT**

Hybrid organizations face particular challenges and opportunities due to combining different logics within one organizational structure. While research on hybrid organizing has advanced considerably our understanding of how these organizations can cope with such tensions, institutional theory suggests that organizational legitimacy and success will also depend on processes that take place at the field level. We connect these two perspectives to examine how field hybridity influences organizational legitimacy. Specifically, we consider both a field's maturity and its degree of hybridity as two important variables that determine the effects that field hybridity has on organizational legitimacy. Drawing from extant research and leveraging our empirical work in the fields of microfinance, social entrepreneurship and impact investing to provide illustrative examples, we propose a framework that considers both positive and negative effects of field hybridity on organizational legitimacy. We contribute to the literature on hybrid organizing in two ways. First, we show that hybrid organizations face different challenges and opportunities depending on the stage of development and degree of hybridity of the field they operate in. Second, we suggest that the effects of field hybridity on organizational legitimacy can be understood as trade-offs that organizations need to understand and approach strategically in order to leverage opportunities and mitigate challenges.

**Keywords:** Hybrid organizations; hybrid fields; legitimacy; microfinance; impact investing; social entrepreneurship

## INTRODUCTION

Gaining legitimacy is a key concern for organizations, as legitimacy will directly influence their ability to acquire resources from investors, customers, and other stakeholders (Lounsbury & Glynn, 2001) and hence impact their capacity to survive and thrive (Aldrich & Fiol, 1994). In consequence, the concept of legitimacy has been core to organization theory and has driven seminal research examining the relationship between organizations and their institutional context (Scott, 1995; Suchman, 1995). For organizations operating in stable and homogenous fields, the acquisition of legitimacy often implies conforming to established expectations at the field level (DiMaggio & Powell, 1983). Instead, for those organizations that are situated within hybrid fields and associated market categories, it might be more difficult to adhere to commonly accepted templates or practices and hence their legitimacy can be at risk. Research on hybrid organizations, defined as those that are shaped by more than one institutional logic (Battilana & Lee, 2014), has looked at legitimacy challenges faced by such organizations and focused on how they respond to such tensions (Battilana, Sengul, Pache, & Model, 2015; Besharov & Smith, 2014; Pache & Santos, 2010).

In order to complement this stream of research, we examine the important but overlooked links between the maturity and degree of hybridity of a field and the legitimacy of organizations in that field. To this end, we build on recent research that employs a broad conceptualization of fields as communities of organizations that interact with each other and which can have weaker or stronger institutional infrastructure, as well as lower or higher consensus on appropriate logics (Zietsma, Groenewegen, Logue, & Hinings, 2017). We review the growing literature on hybrid organizing as well as our own and others' work on microfinance (e.g. Chliova, Brinckmann, & Rosenbusch, 2015; Kent & Dacin, 2013), social entrepreneurship (Casasnovas & Bruno, 2013, p. e.g.; Chliova, Mair, & Vernis, 2020; Pache & Santos, 2013), and impact investing (e.g. Hannigan & Casasnovas, forthcoming; Hehenberger, Mair, & Metz, 2019) to illustrate our proposed framework.

Our proposed framework reveals that the examination of the interplay between the field and organizational levels can enable a balanced understanding of the legitimacy opportunities and challenges of hybrid organizations (Battilana, Besharov, & Mitzinneck, 2017; Jay, 2013). We leverage both institutional theory (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011) and hybrid organizing literature (Battilana & Lee, 2014) to specify how field hybridity affects organizational legitimacy. We specifically add nuance to extant literature on hybrid organizing by introducing two variables that are relevant for studying the relation between hybrid fields and organizations: the stage of the field (Zietsma et al., 2017) and its degree of hybridity (Shepherd, Williams, & Zhao, 2019). We show that hybrid organizations face different legitimacy challenges depending on whether the field they are positioned in is emerging or has reached maturity, that is, depending on whether the relations and interactions among actors have stabilized into recognizable

and stable patterns (Lounsbury & Ventresca, 2003). In addition, our analysis factors in the degree of hybridity of a field, which as previously acknowledged can vary across a field's trajectory (Grimes, Williams, & Zhao, 2018; Litrico & Besharov, 2019).

We contribute to the literature on hybrid organizing by emphasizing the trade-offs that occur under each condition identified in our model. Following recent research that has delineated both challenges and opportunities of organizational hybridity (Battilana et al., 2017; Mongelli, Rullani, Ramus, & Rimac, 2019), we lay out both negative and positive effects of field maturity and field degree of hybridity for organizations' legitimacy in a hybrid field. In so doing, we deepen the understanding of the trade-offs that organizations will experience when positioning themselves in fields characterized by diverse conditions. Our framework reveals that trade-offs are ubiquitous but vary under each condition. It also offers a basis for strategically managing organizational legitimacy under each condition.

In the following sections, we briefly review the literature on institutional fields and hybrid organizations to argue for the need to take into account the variables of field maturity and field hybridity; we describe our analytical approach; we explain our model offering illustrative examples for each condition; and finally discuss how our framework can further scholarly understanding of hybrid fields and organizations.

## **FIELD MATURITY AND DEGREE OF HYBRIDITY**

The concept of organizational or institutional field is "one of the cornerstones of institutional theory" (Zietsma et al., 2017, p. 391), and is broadly defined as a "recognized area of institutional life" (DiMaggio & Powell, 1983, p. 148) in which a group of organizations interact with each other "frequently and fatefully" (Scott, 1995). However, fields are not static and their characteristics can vary greatly depending on their stage of development and the homogeneity of interests, goals, and organizational forms across different stakeholders (Wooten & Hoffman, 2017; Zietsma et al., 2017). Early-stage fields usually experience ambiguity around product definitions, market boundaries, industry structure, and dominant institutional logics (Aldrich & Fiol, 1994; Santos & Eisenhardt, 2009). In contrast, mature fields have frequently developed an institutional infrastructure and clear relations between incumbents and challengers, producers and suppliers, clients and intermediaries (DiMaggio & Powell, 1983; Greenwood & Suddaby, 2006).

When studying the effects of hybridity specifically on organizational legitimacy, considering the difference between early-stage and mature fields is critical. Legitimacy at the field and organizational levels are tightly interlinked, given that legitimacy is a function of the view of external audiences on the appropriateness of a field, and as a result, on the appropriateness of the organizations that are

situated within it (Aldrich & Fiol, 1994; Wry, Lounsbury, & Glynn, 2011). Our distinction between hybridity in early and mature stages of fields mirrors discussions of legitimacy that precede considerations of hybridity (Greenwood & Suddaby, 2006; Maguire, Hardy, & Lawrence, 2004). It is well established within organizational studies that emerging fields lack legitimacy, while organizations in such fields need to proactively build up collective legitimacy, which will ultimately be reflected back to them (Aldrich & Fiol, 1994; Wry et al., 2011). In contrast, legitimacy concerns are considered to be generally less pronounced during later stages of a field's development, when differentiation concerns gain in importance (Zhao, Fisher, Lounsbury, & Miller, 2017). For example, a hybrid organizational form that is considered illegitimate at one point can gradually become legitimate if it emerges successful from frame contests at the field level (Battilana & Dorado, 2010; Lounsbury, Ventresca, & Hirsch, 2003). Yet, even in mature stages, field characteristics can vary widely (Zietsma et al., 2017), suggesting that additional field-level effects on organizational legitimacy need to be considered.

Consequently, we propose that the degree of hybridity of a field is not static, and will also have critical consequences on organizational legitimacy. While a focus on hybridity at the organizational level of analysis might inform our understanding of how organizations respond to hybridity, introducing the idea of field hybridity (which builds on the literature on plural institutional logics (Greenwood et al., 2011)) has the advantage of capturing the dynamism of institutional fields (Zietsma et al., 2017). While early research approached hybrid organizations with a dichotomous lens, assuming that organizations could either be hybrid or non-hybrid, recent work has acknowledged the limitations of this classification and called for studies “focusing on hybridity as a matter of degree” (Battilana et al., 2017, p. 149). Organizations can vary in their degree of hybridity (Shepherd et al., 2019), due to multiple logics holding varying levels of centrality and complementarity for an organization (Besharov & Smith, 2014).

This more nuanced approach to hybridity is only partially evident in field-level studies (Casasnovas & Ventresca, 2019). Early work on institutional logics looked at how changes in a dominant logic create new pressures for organizational legitimacy (Haveman & Rao, 1997; Thornton & Ocasio, 1999). In addition, extant literature has emphasized that different logics can co-exist or be combined within a field (Ansari, Wijen, & Gray, 2013; Goodrick & Reay, 2011), pointing to different types of field hybridity. More recently, researchers have identified how field hybridity can remain stable or increase over time (Litrico & Besharov, 2019), or can also decrease (Grimes et al., 2018), suggesting the importance of adopting a dynamic perspective when studying field hybridity.

We argue that the combination of field maturity and degree of hybridity has not been sufficiently analyzed, while it can bring important insights to the link between field-level hybridity and

organizational legitimacy. We hence ask: *How does the stage of development and degree of hybridity of a hybrid field affect organizational legitimacy?*

## ANALYTICAL APPROACH

To answer this question, in this chapter we develop a framework that we have deduced from prior literature. Specifically, we draw on literatures on hybrid organizing and institutional logics (Battilana et al., 2017; Greenwood et al., 2011), thus providing an analysis at the intersection of the field and organizational levels. In order to explore in more detail the mechanisms at play, we observe more closely the developments in the fields of microfinance, social entrepreneurship, and impact investing as documented in prior literature (e.g. Hehenberger et al., 2019; Kent & Dacin, 2013; Pache & Santos, 2013) and our own work (Casasnovas & Bruno, 2013; Casasnovas & Ventresca, 2016; Chliova et al., 2015, 2020)<sup>1</sup>. The benefit of looking at these fields is that they have received considerable attention from academics, practitioners, and policy makers, while they also represent different types of fields regarding maturity and degree of hybridity.

The microfinance field emerged over the 1970s and 1980s, through programs of Accion International in Latin America and the work of Grameen Bank in Bangladesh, with the goal of combining financial and development tools to provide small loans to the poor. Hybridity has been inherent in the field's combination of commercial and pro-poor logics. By the end of the 1990s, the commercial logic had gained prominence as compared to the pro-poor logic, driving the high growth of the field and associated market category in the 2000s, while prioritizing investor interests to the needs of local entrepreneurs (Roy, 2010).

Social entrepreneurship discourse and activity emerged in the late 1980s and 1990s through the work of Ashoka and other stakeholders that aspired to use innovative means to tackle social challenges. By 2005, the field as a community of stakeholders had reached global scale and settled in a stable status quo, while accommodating multiple frames under a single ambiguous category (Chliova et al., 2020).

The term impact investing was coined in 2007 and promoted by organizations such as the Rockefeller Foundation and JP Morgan as a way of combining financial returns with positive social impact (Daggers & Nicholls, 2016). By 2020, the field has reached global attention and it is veering in the direction of catering primarily to institutional investors (Hehenberger et al., 2019). However, alternative approaches that put beneficiaries at the center still exist (*Investing for Impact*, 2019), and the field is still in a phase of early emergence in many countries.

---

<sup>1</sup> The quotes used in the following section come from fieldwork done by the authors when studying the evolution of microfinance and social entrepreneurship globally, and the field of impact investing in the UK.

To anchor our model and illustrate it in a comprehensive manner, we classify the effects of field maturity and degree of hybridity on organizational legitimacy as positive or negative following prior literature. Yet, we acknowledge that this classification is a matter of perspective and that what is positive for one set of stakeholders could be negative for another. We return to this point in the discussion of the trade-offs that hybrid organizations need to assess.

## **EFFECTS OF FIELD HYBRIDITY ON ORGANIZATIONAL LEGITIMACY**

In this section we elaborate on our framework, summarized visually in Figure 1.

-----  
*FIG 1 HERE*  
-----

### *Negative effects of hybridity in emerging fields*

Legitimacy can be particularly challenging in emerging fields. Liability of newness can pose formidable challenges to organizations (Aldrich & Fiol, 1994; Stinchcombe, 1965), as institutionalized bases of legitimacy such as cognitive, normative and regulatory institutions will not be developed and ingrained in an emerging field (Scott, 1995). We suggest that legitimacy challenges of an emerging field can be further exacerbated when it is characterized by hybridity. This is particularly true in cases where field-level hybridity results from recombination of elements from pre-existing institutional fields and associated markets with wide differences in terminology, norms of behavior and types of regulatory oversight, all of which tend to be tightly interlinked in practice (Hoffman & Ventresca, 1999).

Under the early stages of a field's emergence, when meanings are socially constructed through gradual negotiation among various actors (Khair & Wadhvani, 2010; Leibel, Hallett, & Bechky, 2017), cognitive legitimacy is often a challenge. Cognitive meanings are still in flux, and this can be confusing for non-expert stakeholders. A level of coherence is necessary for the emerging field to support a clearly defined market category, for instance (Grodal, Gotsopoulos, & Suarez, 2015), as stakeholders such as evaluators tend to struggle with complexity (Zuckerman, 1999). Hybridity can compound this challenge, as the blending of two sets of distinct taken-for-granted meanings, which can be perceived as incommensurable, can further increase complexity for stakeholders.

As Galaskiewicz and Barringer (2012) observe, referring to social enterprises, "typically, audiences are uncomfortable with hybrids or boundary spanners, because [hybridity] challenges the purity of the categories and makes it difficult to hold them accountable" (p. 51). The case of impact investing presents another illustration of the challenges that hybridity poses for cognitive legitimacy.



Impact investing was inspired by and modeled after the success of another hybrid field, microfinance (Bannick & Goldman, 2012). New philanthropists, particularly those with an entrepreneurial background, found the “win-win” proposition of philanthropy and profits particularly appealing (Lounsbury & Strang, 2009). Definitional debates were heated within the emerging field of impact investing, as its cognitive legitimacy had to be upheld against both pre-existing fields from which hybrid logics were drawn, namely the philanthropy and the traditional investment fields. Drawing clear boundaries while borrowing logics across these fields made commensuration difficult. If the emerging field trespassed excessively on either of these fields, it would risk being perceived as inauthentic or redundant. On the contrary, if it retreated further away from either or from both, it would risk ending up with a small jurisdiction and little traction. The following quotes reflect the legitimacy challenges faced by insiders in this area during the early days of impact investing, when the philanthropic and investment logics seemed incommensurable:

“I put up my hand and I said, ‘Well, what kind of returns do you give your investors on your fund?’ She goes, ‘Oh wow, we’re going to give the low teen returns.’ ... And I looked around the room and I said, ‘Look. Well we’ve got a lot of social entrepreneurs in this room. How many of you can give this woman high teen returns on your business model?’ Of course dead silence.”  
*(Social entrepreneur, Kenya/US)*

Closely linked with the cognitive challenges, but more contentious, are the moral legitimacy challenges during field emergence. Values and norms that are—initially at least—perceived as highly incompatible can make the establishment of the emerging field fraught with pitfalls that go beyond mere liability of newness concerns (Aldrich & Fiol, 1994; Stinchcombe, 1965). Scholars have frequently discussed the need to balance moral concerns and norms at the organizational level (Battilana et al., 2017; Battilana & Dorado, 2010) and their dependence on logics at the field or country level (Reay & Hinings, 2009; Zhao & Wry, 2016). Similar to the cognitive legitimacy challenges, moral legitimacy challenges can be double-sided in the case of a hybrid emerging field, as they could violate the norms of either of the two (or more) pre-existing fields it draws upon. Across the cases of microfinance, social entrepreneurship and impact investing, these moral tensions have been particularly evident during field emergence. In the case of microfinance, treading across prior conceptions of appropriateness generated heavy criticism and controversy. Accion International, a US NGO operating in Latin America that first developed and led the adoption of the commercial variant of microfinance, initially polarized the microfinance community:

“The concept of charging [poor people]... a rate that would actually cover costs, given that the costs were higher than serving affluent people, was really controversial. So there was a time in which Accion, in development conferences, would have people screaming at them because they were seen as heartless and wanting to exploit the poor, etcetera.... And then Accion did something very controversial. ... it advocated charging positive interest rates to the poor. Then it

## Legitimacy trade-offs in hybrid fields

was controversial because it said, ‘If you want impact you have to grow and you have to connect to the bank.’ And you can imagine how, for a lot of people, connecting to the banks was like sleeping with the devil. And then Accion was very controversial because it said, ‘In order to really continue growing, you have to become a bank yourself.’” (*Development expert, US*)

To sum up, we posit that during early field emergence, hybridity at the field level, particularly when it results from blending cognitive and normative institutions that differ considerably, will tend to result in additional legitimacy drawbacks for organizations within the field, beyond those they are likely to experience due to its liability of newness.

*Proposition 1: Organizations in an emerging hybrid field are likely to face additional legitimacy challenges as compared to those in emerging non-hybrid fields due to the incommensurability of meanings and the incompatibility of values.*

### *Positive effects of hybridity in emerging fields*

Beyond these challenges, however, we would expect hybridity to also bring benefits to organizations in an emerging field. These benefits could be conceptualized as either directly positively influencing legitimacy or otherwise as shielding from “illegitimacy” (Zuckerman, 1999). We focus here on two positive effects that an emerging hybrid field can permit: the higher flexibility in framing activities and the higher flexibility in appointing own measures of performance.

Organizations within an emerging hybrid field can have more leeway in how they position themselves and frame their activities as compared to other emerging fields. When multiple logics from which to draw on are available, while the constellation among them has yet to consolidate, organizations can experiment in their use of alternative means of framing without changing their underlying practices. In particular, a range of moral and cognitive institutions from either of the pre-existing fields from which a hybrid field draws on can be used to appeal to stakeholders and audiences holding different expectations. For instance, organizations can choose to actively highlight certain aspects of their work and conceal others, in order not to fall out of favor with specific groups of stakeholders. The case of Addiopizzo, documented by Lee and colleagues (2018), shows how one organization at the intersection of social movement activism and commercial enterprise had to downplay certain aspects of its work—such as the active denunciation of the mafia—towards its paying customers (tourists), while retaining them in internal communications towards its member base (the local small businesses defying the “protection” money that the Mafia demand). The case of the nascent field of green chemistry (Howard-Grenville, Nelson, Earle, Haack, & Young, 2017) similarly highlights how different groups of members can be aggregated to an emerging field, by appealing with different terminology and norms to each group.

Second, hybrid fields might afford their participants greater scope to invent and claim appropriate standards of performance, which can influence their legitimacy in the eyes of external audiences. In emerging fields, standards and boundaries might still be ambiguous and regulatory institutions absent, generally decreasing legitimacy (Abbott, 1988). Yet fields that are hybrid might afford broader opportunities for organizations to shield themselves from public scrutiny while they experiment with the optimal way to define their goals. The cross-sector sustainability agency described in Jay (2013) provides an illustrative case of this. Feeling stuck after failing to excel according to demands and standards of performance originally conceived by drawing on the field of business, employees and management of the agency managed to nevertheless reflexively identify alternative successful outcomes, even though these differed from originally envisioned ones. Through that process they were able to revise their *raison d'être* and standards of performance, drawing to a greater extent on a public service logic, enabling the organization to overcome its existential crisis and find a niche for itself.

The early days of impact investing similarly reflect the benefits of higher framing and performance flexibility. Organizations such as financial intermediaries, researchers, or social enterprises doing work in this emerging field were able to address diverse audiences with messages adapted to the interests and goals of each stakeholder group. For example, a training course on impact investing would be advertised to philanthropic foundations and financial institutions using somewhat differentiated messages for each. In addition, fund managers could balance their use of financial and social impact metrics of performance when assessing their impact investing funds. This eased communications with different audiences, while allowing flexibility in the strategy of the fund manager in terms of the weights and relevance that they could assign to each area. For example, Bridges Fund Management and Omidyar Network are examples of impact investors that use a portfolio of approaches with different combinations of social impact and financial expectations. Summing up our arguments, we suggest that:

*Proposition 2: Organizations in an emerging hybrid field are likely to enjoy legitimacy benefits as compared with organizations in non-hybrid fields due to the higher flexibility they are afforded in framing their activities and in defining their own standards of performance.*

In contrast to emerging fields, which need to actively build up the cognitive, moral and regulatory bases of their legitimacy in the eyes of external stakeholders, mature fields are assumed relatively more immune to this need—at least until their next period of crisis and transformation. Our review of prior work and our empirical research point to several negative and positive effects of hybridity on organizational legitimacy as fields mature. We distinguish here between mature fields where hybridity

has over time decreased (e.g. Grimes et al., 2018) and mature fields where hybridity has remained stable or increased since their emergence (e.g. Litrico & Besharov, 2019).

*Negative effects of low hybridity in mature fields*

While emerging hybrid fields might struggle to gain legitimacy, once a certain level of legitimacy is achieved, they can become very attractive to a wide range of stakeholders and hence cooptation becomes a plausible danger. Operating under the radar ceases to be a possibility, while contests between field frames typically ensue (Lounsbury et al., 2003). Hybrid fields are particularly prone to such contestation, as they straddle values and institutions that are frequently perceived as incongruent (Hoffman & Ventresca, 1999). Furthermore, and most importantly, they provide an entry point to a much wider range of possible participants than might have been possible in a non-hybrid field. When diverse organizations firmly embed themselves into a mature hybrid field, opportunities for influence may increase for the most powerful among them (Kent & Dacin, 2013). Concurrently, due to hybridity initially being an integral part of the field, condemning either logic becomes less tenable. As a result, powerful actors can enter a maturing hybrid field on the premise of maintaining a balance between the two sets of logics and, once they are fully embedded within it, use their advantage to disrupt the balance between them, tilting it towards their own interests (Lounsbury et al., 2003).

An example of decreasing hybridity due to cooptation can be found in the field of microfinance (Kent & Dacin, 2013). While most management scholars have looked at the phenomenon from an intra-organizational perspective (Battilana & Dorado, 2010; Grimes et al., 2018), the history and contestations within this hybrid field are insightful too (Kent & Dacin, 2013; Khavul, Chavez, & Bruton, 2013). Development sociologists and economists (Armendáriz & Szafarz, 2009; Morduch, 2000; Roy, 2010; Weber, 2002, 2014), as well as some of our own informants, point to a case of cooptation of the field by one of the two sets of logics it borrowed from. In particular, the commercial set of logics has come to largely dominate the now mature, global field of microfinance (Roy, 2010).

“Ultimately, the commercial side did win. And so now all of the organizations that originally were sort of resisting the commercial side are using the commercial principles. Because now... all... the [microcredit] institutions are becoming, or have already become, regulated financial institutions, for the most part.” (*Development expert, supporter of “commercial side”, US*)

“We were disarmed by the initial global acceptance of microcredit and so we did not see this coming. We set up CGAP [Consultative Group to Assist the Poor] but lost the institution. Now it even refuses to acknowledge Yunus’ pioneering role in microcredit.” (*Supporter of Bangladeshi “pro-poor side”, cited in Roy, 2010*)

With the dominance of the commercial logic, the field has experienced considerable growth but also a persistent critique of “mission drift” away from poor clients and towards more profitable ones

(Armendáriz & Szafarz, 2009; Morduch, 2000; Roy, 2010; H. Weber, 2002, 2014). Grimes and colleagues (2018) suggest that mission drift can have adaptability advantages for organizations; at the same time, their legitimacy—particularly the moral dimension of it—can suffer, unless substantive actions are undertaken to either redefine the mission away from original aims or alternatively re-couple it closer to activities on the ground. However beneficial the cooptation by the commercial lobby has been for the field in terms of profitability and expansion, the results of mission drift for clients' wellbeing are still under debate (*ibid*). Several years ago, a suicide crisis in India among poor microfinance borrowers revealed the lengths that certain microfinance institutions would reach to ensure loan repayment. While the crisis was contained, the negative publicity cast a dark shadow on the moral legitimacy of the field, with lingering effects.

In a similar fashion, the turn of the impact investing field in Europe towards a relative dominance of state actors and financial companies (Hehenberger et al., 2019) has raised doubts over the relevance and legitimacy of the field for social sector organizations, to which the field would allegedly cater. Informants have expressed their unfulfilled expectations due to the growing influence of certain actors and logics to the detriment of the others:

“One of the things that is going wrong in the social finance market in the UK is the issues being very heavily influenced by a government and the Cabinet Office” (*Social enterprise advisor, UK*)

"I get a bit frustrated with social investment, the sort of shiny, new, social investment boys"  
(*CEO of industry association, UK*)

Since legitimacy is dependent on the audience, cooptation can increase legitimacy vis-à-vis certain stakeholders while decreasing it in the eyes of others. Nevertheless, losing the support of critical stakeholders and becoming contested from their perspective can be a significant hurdle for hybrid organizations (Pache & Santos, 2013).

On the whole, we suggest that hybrid fields that develop towards decreasing hybridity will be prone to certain types of legitimacy challenges. We synthesize our observations in the following:

*Proposition 3: Organizations in a mature hybrid field with a low degree of hybridity are likely to face legitimacy challenges as compared to organizations in high-hybridity mature fields due to increased likelihood of cooptation and mission drift.*

#### *Positive effects of low hybridity in mature fields*

The benefits of institutionalization have been reiterated many times in organization studies. Fields that manage to develop clear boundaries, controlled entry and membership, standardized practices, rules and regulations through professional associations and state support can establish their jurisdiction against non-participants or adjacent fields, enjoying several benefits (Abbott, 1988; Lee, 2009; Ozcan

& Gurses, 2018). Fields that have developed such an institutional infrastructure can use it to further advance their jurisdiction through lobbying or theorizing change efforts (Aldrich & Fiol, 1994; Greenwood, Suddaby, & Hinings, 2002). Regulators will find it easier to comprehend a field with clear positioning, standards, and rules, and to respond to field actors' demands when these are in concert. Lower hybridity can therefore reduce challenges to stakeholders, including regulators, as it provides more certainty in the interpretation of field boundaries and regulations. When hybridity subsides in a maturing field, as stakeholders of the field become aligned in their interests, or when one set of stakeholders dominates the field, satisfying their demands becomes more straightforward for regulators, leading to greater uniformity in the establishment of supportive institutions.

For instance, in the microfinance field, the World Bank and affiliated bodies CGAP (Consultative Group to Assist the Poor) and MIX (Microfinance Information Exchange) have facilitated the alignment of microfinance industry regulations across developing countries from around the globe. This has been made possible at such scale due to bundling of microfinance country programs together with Structural Adjustment Programs (SAPs) that developing countries implement when in need of financial help, on the premise that microfinance will temper the social upheaval that typically follows such programs (Weber 2002, 2014). In turn, uniform international frameworks as well as standards and rules set by the CGAP, MIX and other initiatives have enabled the establishment of concrete exchange relationships between microfinance organizations and international banks and investment funds. Concrete exchange relationships (Khair & Wadhvani, 2010; K. Weber, Heinze, & DeSoucey, 2008) and corresponding institutions that protect markets (De Soto, 2001; Khanna & Palepu, 1997) can therefore accord certain benefits to fields where hybridity has decreased and remains low.

Organizations in a field that moves towards a lower level of hybridity can also benefit from their hybrid practices becoming embedded in mainstream practices. For example, impact investing has been developing towards decreased hybridity as its discourse and practice have become more aligned with the financial logic (Hehenberger et al., 2019). As a result, extant financial markets infrastructure has included impact investing as a subcategory within the now more mainstream field of sustainable and responsible investment (*Global Sustainable Investment Review*, 2018). From 2012, the Global Sustainable Investment Alliance and Eurosif (its European equivalent) have included a section on impact investing in their reports, because it was gaining attention in the institutional and retail markets. This has helped to raise awareness of impact investing, as well as to legitimize this practice among institutional investors. This type of blending into extant practices was facilitated by impact investing being seen as primarily accountable to financial markets and able to deliver high financial returns. We consider that such embeddedness might not have been possible if impact investing had been considered equally balanced in its attention to markets and philanthropic or community stakeholders.

The case of microfinance also exemplifies how the decreasing hybridity of the field, with a predominance of the commercial logic (Roy, 2010), enabled not only the creation of relevant infrastructure but also the possibility that retail and institutional investors allocated funds to microfinance projects. For example, mainstream financial institutions such as Caixabank and BBVA in Spain started new and large divisions dedicated to provide microloans, while financial advisors have been offering funds specialized in investing in microfinance institutions as a regular part of their portfolio.

Summing up our arguments, we acknowledge that fields that mature into low hybridity, beyond posing challenges, also offer certain legitimacy benefits to their members:

*Proposition 4: Organizations in a mature hybrid field with a low degree of hybridity are likely to enjoy legitimacy benefits as compared to organizations in high-hybridity mature fields due to a well-developed institutional infrastructure and embeddedness into mainstream practices.*

### *Negative effects of high hybridity in mature fields*

Not all emerging hybrid fields mature into highly institutionalized fields (Zietsma et al., 2017). As a field matures, settlement can happen around the use of multiple frames, instead of a dominant frame, resembling less a traditional field and more an ambiguous category (Chliova et al., 2020). According to Greenwood et al. (2011, p. 323), “it is now more readily accepted that some fields are better portrayed as leaning towards ... enduring, competing logics”. Fields with high hybridity might be particularly prone to settling around plural logics, as they offer a greater range of logics from which member organizations can borrow and which they can creatively recombine. The case of social entrepreneurship is representative of a fragmented field supporting an ambiguous category, rather than a traditional field of exchange supported by concrete institutional pillars. We expect two negative effects to legitimacy to be prevalent in such cases: a weak institutional infrastructure, and the possibility of dilution.

New practices can become institutionalized only when they become embedded into the fabric of daily organizational life and taken for granted (Lawrence et al., 2002; Maguire et al., 2004). Similarly, an emerging field can become taken for granted and ultimately institutionalized, only if it becomes embedded into the exchanges between a community of stakeholders and its environment. Fields where hybridity remains high tend to envelop diverse interpretations and tensions that necessitate constant iterations (Smith & Besharov, 2019), eschewing straightforward development of oversight and institutional frameworks. Their boundaries remain unclear to participants, imposing limits on the ability of institutional actors such as governments to establish relevant regulations. This could be

challenging as it can reduce the regulatory legitimacy of a field and the category it supports and place it in a vulnerable position in the case of challenges from other emerging fields or external pressures.

For instance, in the absence of a clear regulatory framework supporting social enterprises in the recycling industry in the US, recyclers with a pure profit motive can compete with those with a non-profit motive on the same terms. This situation does not take into account that the first only recycle what is profitable, discarding remaining waste, while many of the latter use their profits from some materials to subsidize losses on others, in order to deliver environmental benefits to the communities they operate in. When social benefits remain unacknowledged and hard to define, social enterprises that blend market and non-profit logics have difficulty establishing their jurisdiction and protecting it against other fields.

“We use our profits for our zero waste mission for composting and hard to recycle ... so our profits go to continuing [our operations], but the for profit companies who are doing nothing but recycling are protesting that we shouldn't do recycling anymore. They're saying 'we'll do recycling now', and so we're saying to the public 'what advantage is it to you the people to let them take recycling away from [our social enterprise]?' We're creating composting, we're creating a zero waste community that you all love and the only way we can do that with the profits from recycling. What advantage are they offering you? And ...what [are] they ... going to do with their profits? They're going to buy fancy cars and second vacation homes.” (*Recycling social entrepreneur, US*).

A further danger within fields with high hybridity is the greater scope for arbitrary claiming of field participation by a wide variety of organizations that in turn can dilute the image of the field and thus of the organizations within it (Grodal, 2018; Wry et al., 2011). While this risk could be relevant to all mature fields, there are reasons to consider that mature fields with a high degree of hybridity would be more susceptible to it. First, hybrid fields can allow a much wider range of organizations and other stakeholders to position themselves within their boundaries. Second, due to this, hybrid fields might find it harder or more time-consuming to set universally recognized standards, barriers to entry, and clear boundaries demarcating their jurisdiction (Abbott, 1988). Third, due to the proliferation of alternative definitions of membership, spurred by widely diverse participants, hybrid fields might be disadvantaged in reaching a clear consensus on what exactly they stand for (Reay & Hinings, 2005). As a result of these conditions, different field members might find it easier to persist in their own claims of what the field stands for, while entrants can claim affiliation without being scrutinized for their claims.

Social entrepreneurship, while long past the stage of emergence, allows a wide range of frames and definitions to co-exist, resulting in persisting ambiguity (Chliova et al., 2020). Useful as this is in sustaining interest in the area, it can also potentially damage cognitive legitimacy in the eyes of internal and external stakeholders that perceive the opportunistic affiliation with it as potentially diluting its meaning. Effectively, if any individual can self-identify as a social entrepreneur and any



organization as a social enterprise, then the cognitive legitimacy of the entire field and associated category can suffer. The following quote illustrates the ease with which both entrepreneurs and investors can claim affiliation:

“I think some people ... jumped across the bridge because they thought that that was a cool term and grabbed that, started calling themselves a venture philanthropist or calling themselves a social entrepreneur, and really didn’t know what the hell that meant, and really didn’t have a very deep understanding of what it was about.” (*Leader of intermediary organization, US*)

The lack of protective infrastructure and the scope for opportunistic affiliation in a field that retains a high degree of hybridity can therefore potentially harm the legitimacy of member organizations. We formalize our claim as follows:

*Proposition 5: Organizations in a mature hybrid field with a high degree of hybridity are likely to face legitimacy challenges as compared to organizations in low-hybridity mature fields due to a weak infrastructure and the risk of dilution.*

#### *Positive effects of high hybridity in mature fields*

As fields mature, the growing institutional infrastructure exerts pressures on legitimacy, often in a process towards increasing isomorphism (DiMaggio & Powell, 1983). However, organizations in hybrid fields characterized by high hybridity, due to their generally fluid boundaries and overall lower coherence, allow greater scope for divergent action. Such fields retain to a greater extent both sets of hybrid logics on which they were premised and might therefore be able to improve certain aspects of organizational legitimacy. We focus on the benefits of aggregating a broad resource base, and expanding through local translation.

Mature fields with high hybridity entail greater opportunities to appeal to and aggregate a broader range of supportive stakeholders and audiences (Battilana et al., 2017). While hybrid fields can undergo substantial challenges during their early years, if they surpass these and become mainstream, they can offer member organizations the ability to resonate with a wide range of stakeholders and audiences. These supporters need not necessarily be highly comparable or convergent in their interests. In the case of social entrepreneurship, for instance, high hybridity increases the possibility to make creative sense of what the field and associated category means. Combined with a lingering ambiguity in terms of field frames, membership and boundaries (Chliova et al., 2020), this hybridity attracts a wide range of actors and ensures a consistent supply of participants, even as dilution takes place. Participants now classified as social entrepreneurs and social enterprises were in the past inhabiting very different fields such as those of activism, for-profit entrepreneurship and business, non-profits, and so on. They can include actors as diverse as an environmental activist from a developing country and a large business procuring services to the UK government, which contribute

from different angles to the surviving and thriving of social entrepreneurship. Similarly, a wide range of funders, ranging from governments, to philanthropic foundations, to impact investment funds, and others, have been providing resources to social enterprises (Steyaert & Katz, 2004).

A high degree of hybridity can also attract a wide range of customers. An example, coming from our research, is La Tavella, a pioneer social enterprise in Spain that delivers baskets of local and organic fruits and vegetables to clients (Koteles, Casasnovas, & Vernis, 2013). While some of the families buy the baskets because of the high quality of the products, others do so because of social impact considerations—as La Tavella hires employees with severe mental illnesses in order to help them in their process of social integration. Hence, owing to the wider range of logics in fields where hybridity remains high, organizations can count on a wider range of potential niches in which to concurrently position themselves, and on a wide range of funders and clients from which to draw resources.

Additionally, claiming of membership in mature fields with high hybridity can allow a wider range of opportunities for local adaptation, leading to possibilities for expansion. When a field allows various templates to coexist and position themselves across different points of the hybrid continuum, then stakeholders adopting and adapting pre-existing templates to fit local needs are celebrated—or at a minimum tolerated—instead of penalized. As a result, being able to adopt and locally translate a variety of pre-existing templates (Czarniawska & Sevón, 2011) facilitates quick expansion in areas where original templates might have been inappropriate if strictly implemented. Furthermore, local translation can bring evolutionary benefits: second or late movers can make use of vicarious learning and position themselves across the hybrid continuum so that they avoid pitfalls and maximize benefits for themselves. The following quotes illustrate how social entrepreneurship offered malleable templates for interested stakeholders from a range of geographies, while allowing them to creatively adapt these templates to local conditions, facilitating expansion:

“I’m getting a lot of requests to help them to set up a new enterprise, talk social enterprise in particular.... It’s not only India. I’m getting requests from other countries also. ... almost at least three requests per week. ...not [for] a similar project. Like somebody would like to do a solar lighting system. How to set up a social enterprise? What are the challenges?” (*Social entrepreneur, India*)

“...there’s been a lot of sharing that’s gone on across borders. So we learn loads.... but also we’ve shared loads as well. And we’ve set up these five [Name of organization] in Australia and one in Canada and one in Scotland and one in Ireland. And it’s interesting, when you go to these places... Say if you take for instance Australia as an example, Australia is way, way behind—10 years behind they UK in all this stuff, but every time they move they get what we term second mover advantage. So they learn from all our mistakes and they can leapfrog.” (*Leader of Social Enterprise, UK*)

Moral and cognitive legitimacy in the case of mature fields with a high degree of hybridity results essentially from breadth rather than depth or focus, as validation of the field originates in sheer mass of supporters rather than in clarity of field limits and membership criteria. As a whole, our points on the positive effects of hybridity on the legitimacy of hybrid fields suggest the following:

*Proposition 6: Organizations in a mature hybrid field with a high degree of hybridity are likely to enjoy legitimacy benefits as compared to organizations in low-hybridity mature fields due to their appeal to a broad resource base and their expansion through local translation.*

## DISCUSSION

Our framework explaining how the hybridity of a field affects its legitimacy makes two important contributions to the literature on hybrid organizing. First, we unpack the mechanisms through which field hybridity affects the legitimacy of organizations in the field by examining the role of two key dimensions of a field—its maturity and its degree of hybridity—which have received little attention to date. Second, we extend literature that has identified both positive and negative effects of hybridity on legitimacy (Battilana et al., 2017) by introducing aspects of field maturity and hybridity into this discussion and highlighting potential trade-offs to be taken into account when assessing this relationship.

To highlight the importance of field developments for the legitimacy of hybrid organizations we have parted from the assumption that both the features of hybridity and the struggles for legitimacy draw to a great extent from the level of the field (Lounsbury, 2007; Suddaby, Bitektine, & Haack, 2017). Specifically, we have built on recent research on institutional fields (Micelotta, Lounsbury, & Greenwood, 2017; Zietsma et al., 2017) which argues that field dynamics differ significantly depending on the stage of maturity the field. Our distinction between emerging and mature fields has allowed us to further unpack the effects of hybridity on legitimacy, showing that such effects depend on field maturity. Moreover, drawing on evidence from hybrid fields that we have examined has allowed us to provide illustrative examples of how those effects have changed over time and across fields. In this chapter we take a step in bridging discussions on hybridity and field level maturity in order to assess the evolution of legitimacy challenges and benefits for organizations.

This field-level perspective differs from most research on hybrid organizations and their struggles for legitimacy, which has so far focused on the intra-organizational level of analysis (Pache & Santos, 2013). Instead, we link back to research on institutional logics that has taken into account how multiple logics either struggled for domination (Haveman & Rao, 1997; Thornton & Ocasio, 1999), co-existed (Goodrick & Reay, 2011), or blended (Ansari et al., 2013) in different fields (Casasnovas & Ventresca, 2019). We argue that this combination of field and organizational levels of analysis

helps develop our understanding of the conditions that influence both the challenges and opportunities that hybrids experience, as well as how organizations can best use different strategies to influence the dynamic effects of hybridity on their legitimacy.

This inevitably brings back important insights from the institutional theory tradition but with a link to current forms of organizing and addressing societal challenges. In this regard, future research could study how hybrid fields vary in their degree of conforming to isomorphic pressures (DiMaggio & Powell, 1983), or else retain ample variation in practices and approaches (Lounsbury, 2008). Our framework suggests that creating a close association with a field that already has a well-developed institutional infrastructure (Hinings, Logue, & Zietsma, 2017), as microfinance has established with banking, or impact investing with traditional investment, could entail both greater pressures for conformity but also benefits in terms of legitimacy and growth. Instead, hybrid fields that resist cooptation to a greater extent, such as social entrepreneurship, can enjoy the benefits of flexibility and broad appeal but also face certain legitimacy challenges such as the difficulty to develop a robust institutional infrastructure or the risk of dilution of their offering.

By implication, legitimacy has different aspects that do not always go hand in hand. For example, a certain organization or practice can enjoy a high degree of cognitive legitimacy because it is easily understood and categorized but struggle with low moral legitimacy because it is not aligned with the normative expectations of a certain audience. The different mechanisms that we have identified often point at Scott's (1995) distinction between cognitive, moral, and regulatory legitimacy, showing that the relation between hybridity and legitimacy needs to be described and theorized as multifaceted.

This brings us to our second theoretically relevant point: trade-offs exist between the different types of legitimacy that result from hybridity, that need to be understood and further unpacked. For example, if a hybrid field moves towards having a very clear organizational template (Chliova & Ringov, 2017) that is mostly embedded in one institutional logic—like in the case of microfinance (Kent & Dacin, 2013), we expect this to increase certain aspects of its legitimacy, for instance its cognitive legitimacy (avoiding the negative effect of dilution), at the expense of other aspects such as its moral legitimacy (through the mechanism of cooptation). Furthermore, our framework suggests that there are different benefits and challenges to legitimacy even within a certain type of legitimacy. For example, a field that moves towards a lower degree of hybridity such as microfinance can suffer in terms of its moral legitimacy in the eyes of many of its early supporters, but gain moral legitimacy with new audiences, such as financial sector professionals. Similarly, the degree of hybridity can influence organizations' legitimacy by influencing the scope of the sources of legitimacy they enjoy: In the case of social entrepreneurship both legitimacy benefits and challenges come from accessing a greater breadth of stakeholders and audiences, while in the case of microfinance (and to a great extent impact investing) benefits and challenges originate in clarity and depth of the field instead. As a

result, organizations thinking about entering or repositioning themselves in hybrid fields of low versus high maturity and low versus high hybridity need to consider that every condition will have some benefits as well as challenges, and strategize on how to leverage to the greatest extent the former while eluding the latter. Our framework therefore further extends prior work on hybridity's challenges and benefits (Battilana et al., 2017), introducing the important aspects of field maturity and degree of hybridity, helping visualize the trade-offs inherent under each condition.

A limitation of our chapter is that it cannot offer a conclusive answer regarding the net effect of the positive and negative impacts of hybridity on legitimacy under each condition. Our aim has been to distill some of the mechanisms that work in each direction, but future research can make use of this framework to analyze how much each of these or additional mechanisms affect organizational legitimacy in hybrid fields. Future studies could add further nuance to our framework by exploring how the degree of hybridity of specific organizations interrelates with the degree of field level hybridity to produce different results for organizational legitimacy. Finally, scholars could further unpack how dimensions that affect hybridity such as centrality and compatibility of logics at either the field or organizational level inform our propositions.

Finally, it is worth noting that the main variables in our framework—emerging versus mature, low to high hybridity versus lack of hybridity—although presented here as dichotomous for reasons of parsimony, are in fact continuums with multiple middle positions. Similarly, the assessment of effects as positive versus negative depends on the point of view adopted (e.g. of an incumbent or challenger organization, a social activist or an investor) as well as the temporal horizon, as some impacts can be positive in the short term but compromise organizational legitimacy in the long run. We hope that this chapter spurs interest in exploring the effects of field hybridity on legitimacy for diverse types of stakeholders in the future.

Our research also provides important insights for managers of social enterprises and other hybrid organizations. Specifically, our chapter points to the importance of complementing the internal managerial focus with a focus on field-building activities. Given that the legitimacy of hybrid organizations is often settled at the field level, managers need to allocate time to understand the mechanisms by which the hybridity of the field affects their legitimacy, so that they can minimize the challenges and leverage the opportunities. These types of system-building efforts are already being carried out by social entrepreneurs in different contexts, and their efforts are attracting increasing practitioner and scholarly attention (Donaghey & Reinecke, 2018; Hargreaves, 2018; Mair, Martí, & Ventresca, 2012).

## REFERENCES

Abbott, A. (1988). *The system of professions: An essay on the division of expert labor*. Chicago (IL):

University of Chicago Press.

- Aldrich, H. E., & Fiol, C. M. (1994). Fools Rush in? The Institutional Context of Industry Creation. *Academy of Management Review*, 19(4), 645–670.
- Ansari, S. (Shaz), Wijen, F., & Gray, B. (2013). Constructing a Climate Change Logic: An Institutional Perspective on the “Tragedy of the Commons.” *Organization Science*, 24(4), 1014–1040.
- Armendáriz, B., & Szafarz, A. (2009). Microfinance mission drift? *Research Institute in Management Sciences*. Available at: [https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-microfinance-mission-drift-apr-2009\\_0.pdf](https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-microfinance-mission-drift-apr-2009_0.pdf)
- Bannick, M., & Goldman, P. (2012). Priming the pump: The case for a sector based approach to impact investing. *Omidyar Network*. Retrieved from [https://www.omidyar.com/sites/default/files/file\\_archive/insights/Priming%20the%20Pump\\_Omidyar%20Network\\_Sept\\_2012.pdf](https://www.omidyar.com/sites/default/files/file_archive/insights/Priming%20the%20Pump_Omidyar%20Network_Sept_2012.pdf)
- Battilana, J., Besharov, M., & Mitzinneck, B. (2017). On Hybrids and Hybrid Organizing: A Review and Roadmap for Future Research. In R. Greenwood, C. Oliver, T. Lawrence, & R. Meyer (Eds.), *The SAGE Handbook of Organizational Institutionalism* (pp. 128–162). SAGE.
- Battilana, J., & Dorado, S. (2010). Building sustainable hybrid organizations: The case of commercial microfinance organizations. *Academy of Management Journal*, 53(6), 1419–1440.
- Battilana, J., & Lee, M. (2014). Advancing Research on Hybrid Organizing – Insights from the Study of Social Enterprises. *Academy of Management Annals*, 8(1), 397–441.
- Battilana, J., Sengul, M., Pache, A.-C., & Model, J. (2015). Harnessing Productive Tensions in Hybrid Organizations: The Case of Work Integration Social Enterprises. *Academy of Management Journal*, 58(6), 1658–1685.
- Besharov, M. L., & Smith, W. K. (2014). Multiple Institutional Logics in Organizations: Explaining Their Varied Nature and Implications. *Academy of Management Review*, 39(3), 364–381.
- Casasnovas, G., & Bruno, A. V. (2013). Scaling Social Ventures: An Exploratory Study of Social Incubators and Accelerators. *Journal of Management for Global Sustainability*, 1(2), 173–197.
- Casasnovas, G., & Ventresca, M. (2019). Constructing Organizations as Actors: Insights from Changes in Research Designs in the Study of Institutional Logics. In H. Hwang, J. A. Colyvas, & G. S. Drori (Eds.), *Agents, Actors, Actorhood: Institutional Perspectives on the Nature of Agency, Action, and Authority (Research in the Sociology of Organizations, Volume 58)* (pp. 135–160). Emerald Publishing Limited.
- Casasnovas, G., & Ventresca, M. J. (2016). Formative dynamics in the UK social investment market, 2000-2015: An “organization rich” agenda on how markets form. In O. Lehner (Ed.), *Routledge Handbook of Social and Sustainable Finance*. Routledge.
- Chliova, M., Brinckmann, J., & Rosenbusch, N. (2015). Is microcredit a blessing for the poor? A meta-analysis examining development outcomes and contextual considerations. *Journal of Business Venturing*, 30(3), 467–487.
- Chliova, M., Mair, J., & Vernis, A. (2020). Persistent category ambiguity: The case of social entrepreneurship. *Organization Studies*, 41(7), 1019–1042.
- Chliova, M., & Ringov, D. (2017). Scaling Impact : Template Development and Replication at the Base of the Pyramid. *Academy of Management Perspectives*, 31(1), 44–62.
- Czarniawska, B., & Sevón, G. (2011). *Translating Organizational Change*. Berlin: De Gruyter.
- Daggers, J., & Nicholls, A. (2016). *The Landscape of Social Impact Investment Research: Trends and Opportunities*. Saïd Business School, University of Oxford.
- De Soto, H. (2001). *The mystery of capital: Why capitalism triumphs in the West and fails everywhere*

*else*. London: Black Swan Books.

- DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48(2), 147–160.
- Donaghey, J., & Reinecke, J. (2018). When Industrial Democracy Meets Corporate Social Responsibility - A Comparison of the Bangladesh Accord and Alliance as Responses to the Rana Plaza Disaster. *British Journal of Industrial Relations*, 56(1), 14–42.
- Galaskiewicz, J., & Barringer, S. (2012). Social enterprises and social categories: In B. Gidron & Y. Hasenfeld (Eds.), *Social Enterprises: An Organizational Perspective* (pp. 47–70). Palgrave Macmillan UK.
- Global Sustainable Investment Review*. (2018). Global Sustainable Investment Alliance. Retrieved from: [http://www.gsi-alliance.org/wp-content/uploads/2019/03/GSIR\\_Review2018.3.28.pdf](http://www.gsi-alliance.org/wp-content/uploads/2019/03/GSIR_Review2018.3.28.pdf)
- Goodrick, E., & Reay, T. (2011). Constellations of Institutional Logics Changes in the Professional Work of Pharmacists. *Work and Occupations*, 38(3), 372–416.
- Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R., & Lounsbury, M. (2011). Institutional Complexity and Organizational Responses. *Academy of Management Annals*, 5(1), 317–371.
- Greenwood, R., & Suddaby, R. (2006). Institutional Entrepreneurship in Mature Fields: The Big Five Accounting Firms. *Academy of Management Journal*, 49(1), 27–48.
- Greenwood, R., Suddaby, R., & Hinings, C. R. (2002). Theorizing Change: The Role of Professional Associations in the Transformation of Institutionalized Fields. *Academy of Management Journal*, 45(1), 58–80.
- Grimes, M. G., Williams, T. A., & Zhao, E. Y. (2018). Anchors Aweigh: The Sources, Variety, and Challenges of Mission Drift. *Academy of Management Review*. 44(4), 819-845.
- Grodal, S. (2018). Field Expansion and Contraction: How Communities Shape Social and Symbolic Boundaries. *Administrative Science Quarterly*, 63(4), 783–818.
- Grodal, S., Gotsopoulos, A., & Suarez, F. F. (2015). The Coevolution of Technologies and Categories During Industry Emergence. *Academy of Management Review*, 40(3), 423–445.
- Hannigan, T., & Casanovas, G. (forthcoming). New structuralism and field emergence: The co-constitution of meanings and actors in the early moments of impact investing. p. 171-207. In Steele, C., Hannigan, T., Glaser, V., Toubiana, M., and Gehman, J. (eds.) *Macrofoundations: Exploring the Institutionally Situated Nature of Activity* (Research in the sociology of organizations). Bingley, UK: Emerald Publishing.
- Hargreaves, M. B. (2018). *Leveraging Systemic Change: Evaluating What Works*. Chicago, IL: NORC @ the University of Chicago
- Haveman, H. A., & Rao, H. (1997). Structuring a Theory of Moral Sentiments: Institutional and Organizational Coevolution in the Early Thrift Industry. *American Journal of Sociology*, 102(6), 1606-1651.
- Hehenberger, L., Mair, J., & Metz, A. (2019). The Assembly of a Field Ideology: An Idea-Centric Perspective on Systemic Power in Impact Investing. *Academy of Management Journal*. 62(6), 1672-1704.
- Hinings, C. R., Logue, D., & Zietsma, C. (2017). Fields, governance and institutional infrastructure. p. 163-189. In R. Greenwood, T. B. Lawrence, R. E. Meyer, & C. Oliver (Eds.), *SAGE Handbook of Organizational Institutionalism* (2nd ed.). UK: SAGE.
- Hoffman, A. J., & Ventresca, M. J. (1999). The institutional framing of policy debates. *American Behavioral Scientist*, 42(8), 1368–1392.
- Howard-Grenville, J., Nelson, A. J., Earle, A. G., Haack, J. A., & Young, D. M. (2017). “‘If Chemists Don’t Do It, Who Is Going To?’” Peer-driven Occupational Change and the Emergence of

- Green Chemistry. *Administrative Science Quarterly*, 62(3), 524–560.
- Investing for Impact*. (2019). European Venture Philanthropy Association.
- Jay, J. (2013). Navigating Paradox as a Mechanism of Change and Innovation in Hybrid Organizations. *Academy of Management Journal*, 56(1), 137–159.
- Kent, D., & Dacin, M. T. (2013). Bankers at the gate: Microfinance and the high cost of borrowed logics. *Journal of Business Venturing*, 28(6), 759–773.
- Khaire, M., & Wadhvani, R. D. (2010). Changing Landscapes: The Construction of Meaning and Value in a New Market Category—Modern Indian Art. *Academy of Management Journal*, 53(6), 1281–1304.
- Khanna, T., & Palepu, K. (1997). Why focused strategies may be wrong for emerging markets. *Harvard Business Review*, 75, 41–54.
- Khavul, S., Chavez, H., & Bruton, G. D. (2013). When institutional change outruns the change agent: The contested terrain of entrepreneurial microfinance for those in poverty. *Journal of Business Venturing*, 28(1), 30–50.
- Koteles, B., Casasnovas, G., & Vernis, A. (2013). *Stories of Scale. Nine cases of growth in social enterprises*. Esade Business School, Institute for Social Innovation.
- Lawrence, T. B., Hardy, C., & Phillips, N. (2002). Institutional effects of interorganizational collaboration: The emergence of proto-institutions. *Academy of Management Journal*, 45(1), 281–290.
- Lee, B. H. (2009). The infrastructure of collective action and policy content diffusion in the organic food industry. *Academy of Management Journal*, 52(6), 1247–1269.
- Lee, M., Ramus, T., & Vaccaro, A. (2018). From Protest to Product: Strategic Frame Brokerage in a From Protest to Product : Strategic Frame Brokerage in a Commercial Social Movement Organization. *Academy of Management Journal*, 61(6), 2130–2158.
- Leibel, E., Hallett, T., & Bechky, B. (2017). Meaning at the Source: The Dynamics of Field Formation in Institutional Research. *Academy of Management Annals*, 12(1), 154–177.
- Litrico, J. B., & Besharov, M. L. (2019). Unpacking Variation in Hybrid Organizational Forms: Changing Models of Social Enterprise Among Nonprofits, 2000–2013. *Journal of Business Ethics*, 159(2), 343–360.
- Lounsbury, M. (2007). A Tale of Two Cities: Competing Logics and Practice Variation in the Professionalizing of Mutual Funds. *Academy of Management Journal*, 50(2), 289–307.
- Lounsbury, M. (2008). Institutional rationality and practice variation: New directions in the institutional analysis of practice. *Accounting, Organizations and Society*, 33(4–5), 349–361.
- Lounsbury, M., & Glynn, M. A. (2001). Cultural entrepreneurship: stories, legitimacy, and the acquisition of resources. *Strategic Management Journal*, 22(6–7), 545–564.
- Lounsbury, M., & Strang, D. (2009). Social entrepreneurship. Success stories and logic construction. In D. Hammack & S. Heydemann (Eds.), *Globalization, philanthropy, and civil society* (pp. 71–94). Bloomington, IN: Indiana University Press.
- Lounsbury, M., & Ventresca, M. (2003). The New Structuralism in Organizational Theory. *Organization*, 10(3), 457–480.
- Lounsbury, M., Ventresca, M., & Hirsch, P. M. (2003). Social movements, field frames and industry emergence: a cultural–political perspective on US recycling. *Socio-Economic Review*, 1(1), 71–104.
- Maguire, S., Hardy, C., & Lawrence, T. B. (2004). Institutional Entrepreneurship in Emerging Fields : HIV / Aids Treatment Advocacy in Canada. *Academy of Management Journal*, 47(5), 657–679.



- Mair, J., Martí, I., & Ventresca, M. J. (2012). Building Inclusive Markets in Rural Bangladesh: How Intermediaries Work Institutional Voids. *Academy of Management Journal*, 55(4), 819–850.
- Micelotta, E., Lounsbury, M., & Greenwood, R. (2017). Pathways of Institutional Change: An Integrative Review and Research Agenda. *Journal of Management*, 43(6), 1885–1910.
- Mongelli, L., Rullani, F., Ramus, T., & Rimal, T. (2019). The Bright Side of Hybridity: Exploring How Social Enterprises Manage and Leverage Their Hybrid Nature. *Journal of Business Ethics*, 159(2), 301–305.
- Morduch, J. (2000). The microfinance schism. *World Development*, 28(4), 617–629.
- Ozcan, P., & Gurses, K. (2018). Playing Cat and Mouse: Contests over Regulatory Categorization of Dietary Supplements in the U.S. *Academy of Management Journal*, 61(5), 1789–1820.
- Pache, A. C., & Santos, F. (2010). When Worlds Collide: The Internal Dynamics of Organizational Responses to Conflicting Institutional Demands. *Academy of Management Review*, 35(3), 455–476.
- Pache, A. C., & Santos, F. (2013). Inside the Hybrid Organization: Selective Coupling as a Response to Competing Institutional Logics. *Academy of Management Journal*, 56(4), 972–1001.
- Reay, T., & Hinings, C. R. (2009). Managing the Rivalry of Competing Institutional Logics. *Organization Studies*, 30(6), 629–652.
- Reay, T., & Hinings, C. R. (Bob). (2005). The Recomposition of an Organizational Field: Health Care in Alberta. *Organization Studies*, 26(3), 351–384.
- Roy, A. (2010). *Poverty Capital: Microfinance and the Making of Development*. London: Taylor & Francis.
- Santos, F. M., & Eisenhardt, K. M. (2009). Constructing Markets and Shaping Boundaries: Entrepreneurial Power in Nascent Fields. *Academy of Management Journal*, 52(4), 643–671.
- Scott, W. R. (1995). *Institutions and Organizations*. Thousand Oaks (CA): SAGE.
- Shepherd, D. A., Williams, T. A., & Zhao, E. Y. (2019). A Framework for Exploring the Degree of Hybridity in Social Entrepreneurship. *Academy of Management Perspectives*, 33(4), 491–512.
- Smith, W. K., & Besharov, M. L. (2019). Bowing before Dual Gods: How Structured Flexibility Sustains Organizational Hybridity. *Administrative Science Quarterly*, 64(1), 1–44.
- Steyaert, C., & Katz, J. (2004). Reclaiming the space of entrepreneurship in society: Geographical, discursive and social dimensions. *Entrepreneurship and Regional Development*, 16(3), 179–196.
- Stinchcombe, A. L. (1965). Social Structure and Organizations. In J. G. March (Ed.), *Handbook of Organizations* (pp. 142–193). Chicago: Rand McNally.
- Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), 571–610.
- Suddaby, R., Bitektine, A., & Haack, P. (2017). Legitimacy. *Academy of Management Annals*, 11(1), 451–478.
- Thornton, P. H., & Ocasio, W. (1999). Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958–1990. *American Journal of Sociology*, 105(3), 801–843.
- Weber, H. (2002). The imposition of a global development architecture: The example of microcredit. *Review of International Studies*, 28(3), 537–555.
- Weber, H. (2014). Global Politics of Microfinancing Poverty in Asia: The Case of Bangladesh Unpacked. *Asian Studies Review*, 38(4), 544–563.
- Weber, K., Heinze, K. L., & DeSoucey, M. (2008). Forage for Thought: Mobilizing Codes in the Movement for Grass-fed Meat and Dairy Products. *Administrative Science Quarterly*, 53(3),

529–567.

- Wooten, M., & Hoffman, A. J. (2017). Organizational Fields: Past, Present and Future. In R. Greenwood, C. Oliver, T. B. Lawrence, & R. E. Meyer (Eds.), *The SAGE Handbook of Organizational Institutionalism* (pp. 55–74). London, UK: SAGE.
- Wry, T., Lounsbury, M., & Glynn, M. A. (2011). Legitimizing Nascent Collective Identities: Coordinating Cultural Entrepreneurship. *Organization Science*, 22(2), 449–463.
- Zhao, E. Y., Fisher, G., Lounsbury, M., & Miller, D. (2017). Optimal distinctiveness: Broadening the interface between institutional theory and strategic management. *Strategic Management Journal*, 38, 93–113.
- Zhao, E. Y., & Wry, T. (2016). Not all inequality is equal: Decomposing the societal logic of patriarchy to understand microfinance lending to women. *Academy of Management Journal*, 59(6), 1994–2020.
- Zietsma, C., Groenewegen, P., Logue, D., & Hinings, C. r. (2017). Field or fields? Building the scaffolding for cumulation of research on institutional fields. *Academy of Management Annals*, 11(1), 391-450.
- Zuckerman, E. W. (1999). The categorical imperative: Securities analysts and the illegitimacy discount. *American Journal of Sociology*, 104(5), 1398–1438.

## TABLES AND FIGURES

**Figure 1: The effects of field hybridity on organizational legitimacy**

Effects on organizational legitimacy	Emerging fields	Mature fields	
	<i>Emerging hybridity</i>	<i>Low hybridity</i>	<i>High hybridity</i>
<b>Negative</b>	<ul style="list-style-type: none"> <li>• Incommensurable meanings</li> <li>• Incompatible values</li> </ul>	<ul style="list-style-type: none"> <li>• Cooptation by powerful actors</li> <li>• Mission drift</li> </ul>	<ul style="list-style-type: none"> <li>• Weak institutional infrastructure</li> <li>• Dilution</li> </ul>
<b>Positive</b>	<ul style="list-style-type: none"> <li>• Framing flexibility</li> <li>• Performance flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• Strong institutional infrastructure</li> <li>• Embeddedness in mainstream practices</li> </ul>	<ul style="list-style-type: none"> <li>• Broad resource base</li> <li>• Expansion through local translation</li> </ul>