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Social Enterprise Legitimacy: Application of Accountability Mechanisms as a Multi-Institutional Context Strategy

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Social enterprises, as hybrid organizations with a dual-mission focus and diversity of primary stakeholders, have unique communication and governance challenges when compared to other social mission organizations, such as nonprofits and nongovernmental organizations. To address a gap in the social enterprise literature, we offer a comprehensive framework to illustrate how the application of context-specific 'accountability mechanisms' (Ebrahim, 2003) can strengthen organizational legitimacy perceptions and, in doing so, strengthen performance perceptions and stakeholder ties. Given multiple principal stakeholders in the plural institutional environments in which such hybrid organizations operate, our premise is that social enterprises bolster such perceptions by applying relevant accountability tools and processes in each of Ingram and Clay's (2000) four institutional contexts. Importantly, our framework applies to both strategic and institutional social enterprise legitimacy. As an illustration, we performed a qualitative examination of three established social enterprises, each in a different industry. Findings revealed each of these social enterprises had adopted accountability mechanisms in all four institutional contexts, suggesting that practitioner application of, and future research on, our framework may prove fruitful.

Keywords: Social Enterprise, Legitimacy, Institutional Theory, Accountability Mechanisms

Introduction

A relatively recent phenomenon, social enterprises reached mainstream academic and practitioner discourse in the 1990s (Haugh, 2005). This organizational form differs from most public (e.g., governmental), for-profit, and not-for-profit sector organizations, as social enterprises have a dual goal (i.e., 'hybrid') focus—contributing solutions to a societal need while also engaging in revenue-producing endeavors to help fund programs and enhance financial sustainability (e.g., Agrawal & Hockerts, 2013). While offering much potential to supplement funds from donors and governmental entities, such revenue-focused activities present "a unique governance challenge: how to handle the trade-offs between their social activities and their commercial ones, so as to generate enough revenues but without losing sight of their social purpose" (Ebrahim et al., 2014, p. 82). Such dual focus also commonly

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results in divergent interests of 'multiple principal stakeholders' (Ebrahim et al., 2014), including beneficiaries of the enterprise's social mission, customers of its products and clients of services or products, and funders. Signaling legitimacy to such diverse stakeholders, while important, can thus be quite challenging.

Adding further complexity, social enterprises can differ in primary motive—such as maximizing social impact, environmental sustainability, or wealth generation (e.g., Battilana & Lee, 2014; Dart, 2004). The degree to which social enterprises' motives diverge—for example, whether their revenue-generating activities are primarily a means to social/environmental impact ends (i.e., 'value creation') or more to generate financial wealth (i.e., 'value capture'; see Santos, 2012)—also can matter to legitimacy perceptions.

Thus, social enterprises commonly are challenged to come up with valid ways to communicate organizational legitimacy to salient stakeholders and maintain public trust (Dart, 2004; Nicholls, 2010a; Yang & Wu, 2016; Yasmin & Ghafran, 2021). This is particularly true for those with 'liability of newness' challenges (Singh et al., 1986) and for entities struggling financially (Flockhart, 2005). Moreover, along with social effectiveness and economic performance responsibilities, institutional legitimacy is a critically important facet of social enterprise performance perceptions (Bagnoli & Megali, 2011). As asserted by Deephouse et al. (2017), "Legitimacy matters because it has consequences for organizations" (p. 35). Further, Dart (2004), writing in a social enterprise context, suggests "legitimacy is even the means by which organizations obtain and maintain resources" (p. 415; also see Oliver, 1991).

Social enterprises with positive legitimacy perceptions commonly enjoy greater access to valued resources, as well as stronger stakeholder ties and effectiveness evaluations (Connolly & Kelly, 2011; Dart, 2004; Nicholls, 2010a). An intentional focus on legitimacy perceptions is a particularly important endeavor in the absence of munificent financial resources environments—a condition common to newer organizations but even among many long-standing organizations (e.g., Hager et al., 2004). Whereas impressive financial performance certainly can fuel positive perceptions, signaling legitimacy in ways other than by sharing financial results can be the difference between thriving, simply surviving, or failing (e.g., Dart, 2004; Nicholls, 2010a).

Whereas legitimacy is important to diverse social enterprise stakeholders, and although legitimacy has been a subject of several social enterprise articles (e.g., Dart, 2004; Huybrechts & Nicholls, 2013; Nicholls, 2010a), the literature does not adequately address what social enterprises might do to strengthen legitimacy perceptions. Moreover, the literature fails to address ways to influence perceptions in the diverse institutional contexts in which social enterprises typically operate.

In an effort to fill this research void, this research has three specific contributions. First, given that social enterprises operate in "conditions of institutional complexity" (Ebrahim et al., 2014, p. 94), we offer a framework for, and articulate the importance of, understanding the various institutional forms (Ingram & Clay, 2000; Ingram & Silverman, 2002) in a social enterprise legitimacy-influencing context. Having a framework based on a sound theoretical foundation provides an organizing structure for practitioners to act on, as well as a springboard for future social enterprise legitimacy research.

Second, addressing how to navigate such institutional plurality (e.g., Mair et al., 2015), we suggest application of 'accountability mechanisms' (Ebrahim, 2003) as helpful in influencing legitimacy perceptions. Whereas Ebrahim's (2003) much cited article was focused on nongovernmental organizations (NGOs) and nonprofit organizations, terms he used interchangeably, we suggest these mechanisms are applicable to legitimacy enhancement in the social enterprise space as well. In addition, Ebrahim's (2003; 2010) work on accountability mechanisms did not offer specific guidance or frameworks for organizations to influence the unique set of stakeholders in multiple institutional contexts. We posit application of such tools and processes in each of the four specific institutional contexts (Ingram & Clay, 2000) will fill a critical practitioner and scholarly void to aid social enterprise legitimacy perceptions. Strengthening such perceptions is particularly important given the governance challenges with being accountable to multiple principal social enterprise stakeholders (Ebrahim et al., 2014). In addition to helping an organization conform to external mandates and expectations, accountability mechanisms can also be strategic tools and processes used to gain competitive advantage, increase organizational visibility, improve environmental adaptation and sustainability, and develop stronger stakeholder ties (Ebrahim, 2003; Ebrahim et al., 2014). Furthermore, effectively applying accountability mechanisms can help counter mission drift, a condition resulting from emphasizing revenue production over social mission (Cornforth, 2014; Ebrahim et al., 2014; Ramus & Vaccaro, 2017).

Third, to explore and apply our proposed framework with real-world organizations, we conducted key informant interviews with executives at three established social enterprises. Qualitative findings presented below reveal validating actions taken by each venture. Next, we briefly provide an overview of organizational legitimacy by major theorists, followed by legitimacy related issues in the social enterprise context.

Organizational Legitimacy—A Brief Overview

Success for all organizations depends in part on the degree to which stakeholders perceive the organization as legitimate (e.g., Phillips, 2003; Suchman, 1995; Suddaby et al., 2017). According to Suchman's (1995) often-cited legitimacy definition, legitimacy "is a generalized *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" (p. 574; italics added). Similarly, Nicholls (2010b) offered legitimacy as "the congruence, in multiple stakeholder judgements, of an organisation's *perceived* actions with their expectations of its performance" (p. 94; italics added). Organizations achieve this socially-constructed legitimacy when there is perceived congruence between their activities and "the norms of acceptable behavior in the larger social system of which they are a part" (Dowling & Pfeffer, 1975, p. 122). Thus, stakeholders bestow legitimacy on an organization when its actions or outcomes—or signals sent about its actions or outcomes—are in harmony with stakeholders' values, goals, and expectations (Dowling & Pfeffer, 1975; Suchman, 1995).

There are many potential benefits for organizations viewed as legitimate, including access to resources (Lounsbury & Glynn, 2001), societal approval, and market acceptance (Agrawal & Hockerts, 2013). Moreover, legitimacy typically increases organizational survival, stakeholder support, as well as financial performance (Deephouse et al., 2017). Attending to perceptions of legitimacy also are important because they can help with an organization's credibility (e.g., believability, predictability, and trustworthiness), an important influence in an organization's stability and continuity (Suchman, 1995). Indeed, the importance of attending to stakeholder perceptions of legitimacy has long been viewed as important to organizational survival (Dowling & Pfeffer, 1975; Meyer & Rowan, 1977).

The extant literature supports two primary legitimacy approaches, or 'camps' (Suchman, 1995)—strategic and institutional. *Strategic* legitimacy assumes that managers have a large degree of control over the legitimation process (Nicholls, 2010a; Suchman, 1995). Under this perspective, managers are active agents of legitimacy construction or manipulation through the deployment of intentionally evocative symbols geared to gain or improve societal support (Suchman, 1995). *Institutional* legitimacy is a perspective that suggests managers have less power to construct legitimacy; rather, they actively seek understanding of societal or cultural trends and expectations, and then consciously choose to conform to those issues most favorable to gaining stakeholder approval. In contrast to the strategic perspective, conformity with cultural norms and expectations is viewed by those in the institutional camp as the primary way to achieve legitimacy. It should be noted that legitimacy theorists commonly view both of these approaches as important to perceptions of an organization's legitimacy (Connolly & Kelly, 2011; Nicholls, 2010a; Suchman, 1995). Similarly, Nicholls (2010a) asserts that organizational legitimacy is "the consequence of a dynamic interplay between macro-level institutional structures and micro-level organizational actors" (p. 614).

Social Enterprise Legitimacy

Compared to the more established for-profit and non-profit organizational types, achieving legitimacy for social enterprises may be more challenging because their dual goals—social value creation and revenue-generation for economic sustainability (and in some cases, financial wealth generation)—can be perceived as conflicting and, thus, can be confusing to some stakeholders. This is particularly true since, in addition to their dual mandate, social enterprises "...are also accountable *to* multiple 'principal' stakeholders" (Ebrahim et al., 2014, p. 83; italics included), a condition that can result in "multiple accountabilities disorder" (Koppell, 2005; found in Ebrahim, 2010, p. 104). As a result, "social enterprises are likely to face an uphill climb in establishing their legitimacy in society and thereby in attracting the resources to sustain themselves" (Ebrahim et al., 2014, p. 96). Further, as noted by Agrawal and Hockerts (2013):

> *Social enterprises have to show through their actions and communications that their mission to help people is as dominant as their mission to be economically sustainable. Due to the conflicting nature of their activities and operations (social and market), social enterprises have to deal with the issues of legitimacy far more than enterprises that have well defined market objectives. Any act of a social enterprise that stigmatizes the legitimacy of social value creation can activate the fall of its customer base and donor confidence (p. 125).*

Indeed, stakeholder legitimacy perceptions are a prerequisite for the community support necessary for social enterprise sustainability (Dart, 2004; Moizer & Tracey, 2010). Further, social enterprises put legitimacy and sustainability at risk if their profit-seeking ventures are more visible and valued than are their social mission activities, as "mission drift may delegitimize social enterprises with external stakeholders" (Ramus & Vaccaro, 2017, p. 321; see also Ebrahim et al., 2014). Hence, social enterprise decision-makers must find ways to manage legitimacy perceptions in ways that keep the social mission at the forefront of stakeholder thoughts. Doing so takes both forethought and execution, given a typical social enterprise's multiple contexts, diverse stakeholders, and criteria used to evaluate a social enterprise's legitimacy.

Plural Institutional Contexts and Legitimacy Criteria

Social enterprises and other such hybrid organizations operate under 'institutional plurality' conditions (Mair et al., 2015) with diverse stakeholders, and thus face formidable tensions in managing their myriad activities just to survive (Battilana & Dorado, 2010). To better understand this environment, we draw upon research related to institutional contexts or 'institutional forms', which has been classified using the following typology: 1) private vs. public initiatives, and 2) centralized vs. decentralized enforcement (Ingram & Clay, 2000). According to Ingram and Clay (2000), "Public or private refers to who makes the institutions,

Figure 1. Social Enterprise Legitimacy Enhancement Framework: Combining Institutional Forms[1], Key Actors[1,2], Legitimacy Considerations[3], and Accountability Mechanisms (AMs)[4]

	Decentralized Influences[1]	**Centralized Influences[1]**
Private[1]	**Archetypal Form**: Industry Norms **Paradigm-Building[2] and Institutional Constraint Actors[1]**: network builders[2], social groups[1], inter-organizational networks[1] **Legitimacy Considerations:** cultural-cognitive[3]; industry consensus (follows norms in an industry) **Helpful AMs**: Join and/or get involved with industry and community organizations; Earn credentials; Communicate via various media outlets and online platforms	**Archetypal Form**: Industry Rules **Paradigm-Building[2] and Institutional Constraint Actors[1]**: private-centralized organizations, including foundations, fellowship organizations[2], groups which govern rights and transactions within an industry[1] **Legitimacy Considerations:** pragmatic[3] (smart to do given one's unique situation) **Helpful AMs**: Join and/or get involved with industry and community organizations; Collaborate; Comply; Earn credentials and certifications; Communicate via various media outlets and online platforms
Public[1]	**Archetypal Form**: Societal and Extant Culture Norms **Paradigm-Building[2] and Institutional Constraint Actors[1]**: diffused throughout culture impacting multiple actors[2], civil society[1] **Legitimacy Considerations:** hybrid of normative-moral[3] (to avoid controversy) and pragmatic[3] (to strategically align with societal values) **Helpful AMs**: Scan for (and adjust to) societal norms; Collaborate; Comply with self-selected standards; Earn credentials; Communicate via various media outlets and online platforms	**Archetypal Form**: Laws, Regulations **Paradigm-Building[2] and Institutional Constraint Actors[1]**: government[2], states[1] **Legitimacy Considerations:** regulatory[3] (to avoid noncompliance consequences) **Helpful AMs**: Comply with laws and regulations; Get certified (if required); Lobby for reforms

[1] Based on Ingram and Clay (2000) and Ingram and Silverman (2002)
[2] Nicholls (2010a)
[3] Based on Deephouse et al. (2017) and Suchman (1995)
[4] Based in part on Ebrahim (2003)

with public indicating the state and private indicating organizations or individuals. The centralized/decentralized distinction captures the degree to which institutions are codified and responsibility for enforcement is centralized with identifiable functionaries" (pp. 526–527). Building on the foregoing, Ingram and Clay (2000; also see Ingram & Silverman, 2002) articulated four main institutional categories: private-centralized, private-decentralized, public-centralized, and public-decentralized. This framework is summarized in Figure 1. Our premise is that the greater the extent to which social enterprises take action to address salient issues in each of these categories, the greater their likelihood to positively influence stakeholders' perceptions of legitimacy. Further below, we expand upon these categories in the context of applying accountability mechanisms to strengthen social enterprise legitimacy.

In addition, scholars have articulated "four types of criteria for evaluating legitimacy: regulatory, pragmatic, moral, and cultural-cognitive" (Deephouse et al., 2017, p. 39). Each criterion (also labeled as 'legitimacy assets,' Yasmin & Ghafran, 2021) has applicability in both the strategic and the institutional camps (Suchman, 1995). *Pragmatic* legitimacy "rests on the self-interested calculations of an organization's most immediate audiences" (Suchman, 1995, p. 578). For example, when a social enterprise achieves objective and valued stakeholder outcomes, such as the receipt of grant funding or by revenues produced by product sales or services rendered, it may be accorded pragmatic (and *strategic*) legitimacy. Pragmatic, *institutional* legitimacy refers to conforming to norms in its environment due to the self-interested belief that the organization will benefit from improving the organization's fit with common industry practices, such as when an organization decides to voluntarily follow International Organization for Standardization (ISO) 26000 social responsibility guidance. As suggested by Yang and Wu (2016), social enterprises which emphasize commercial over social mission initiatives are likely seeking, perhaps to their detriment (Ramos & Vaccaro, 2017), pragmatic legitimacy.

Normative-moral legitimacy is achieved when an organization operates as stakeholders believe it should and when its policies and activities are judged as "the right things to do" by key stakeholders (Suchman, 1995, p. 579). This typically requires sensitively managing congruence between organizational values and those of society (Kostova & Zaheer, 1999). Attempts made by social enterprises to achieve moral legitimacy due to normative expectations from constituents, or because competitors have made such prosocial practices (e.g., paying a living wage) the norm, may be viewed as consistent with decisions to conform in order to gain *institutional* legitimacy. Further, normative-moral legitimacy is likely what a social enterprise seeks when emphasizing social mission activities over revenue-producing ones (Yang & Wu, 2016). Alternatively, *strategic* moral legitimacy attempts are those undertaken by organizational decision-makers because they believe in self-crafted normative improvements. For example, when social enterprise proactively makes the decision to be the first in its industry to allow workers to be paid while volunteering during work hours, this strategic decision would not reflect conformity but rather a belief that it is the right thing to do.

Cultural-cognitive legitimacy typically reflects environmental conformity or consistency with established societal structures (e.g., Kostova & Zaheer, 1999). According to Suchman (1995), organizations achieve such legitimacy in one of two ways: comprehensibility or via 'taken-for-granted' acceptance. Comprehensibility theorists view the social landscape as chaotic and in need of sense-making, descriptors that depict many social enterprise fields. Organizations can achieve such cognitive legitimacy by *strategically* modeling their activities on available and accepted cultural structures (or 'models') in its extant environment. To the extent that an organization's existence and activities are consistent with such models, then "organizational activity will prove predictable, meaningful, and inviting" (Suchman, 1995, p. 582). For example, when a homeless shelter's thrift store markets their donated goods on Instagram, it sends multiple positive signals to constituents—it sells well-priced donations that benefit homeless families via a contemporary social media platform. Alternatively, 'taken-for-granted' cultural-cognitive legitimacy is invoked when organizational activities fit with accepted beliefs about its existence. This *institutional* form of legitimacy occurs "when an idea corresponds to taken-for-granted beliefs that render it desirable, proper, and appropriate within a widely shared system of norms and values" (Boxenbaum, 2008, p. 239). For example, social enterprises which use Facebook to broadcast newly earned certifications or fundraising successes are applying this widely used platform as a way to attend to 'taken-for-granted' cognitive legitimacy.

The last of the four facets, *regulatory* legitimacy, stems from the recognition that legal mandates influence all legitimate organizations (Meyer & Rowan, 1977; Deephouse et al., 2017). From a *strategic* legitimacy perspective, organizational leaders may choose to lobby for, or be the first to act on, new laws or industry regulations. For example, a social enterprise with a mission to design and sell environmentally safe clothing may speak out about use of certain unsustainable materials. This may send an intentional signal that organizational leaders are tuned in to compliance issues and also may help enhance one's social responsibility—particularly if the organization is the first in its industry to broadcast compliance. Of course, from an *institutional* perspective, compliance helps an organization limit negative publicity, while noncompliance can send undesired signals with potentially catastrophic ramifications.

Key Actors and Stakeholder Influences

The four legitimacy criteria—pragmatic, normative-moral, cultural-cognitive, and regulatory—take on special meaning for social enterprises when applied to specific stakeholders within each institutional context (i.e., private vs. public initiatives and centralized vs. decentralized enforcement; Ingram & Clay, 2000). Because social enterprises have multiple principal stakeholders (Ebrahim et al., 2014), decision-makers must have an awareness of the linkages between underlying institutional contexts, the stakeholder actors within each context, and the social enterprise's own legitimacy-influencing activities. According to Ingram and Silverman (2002), the institutional contexts emanate from four primary sources or 'actors,' each of which "produces its own form of institutional constraint" (p. 7). Specifically, *social groups* and *civil society* produce norms, *organizations* produce their own rules, and *states* (government) produce laws and regulations.

In addition to Ingram and Silverman's (2002) institutional constraint-producing actors, Nicholls (2010a) suggested four 'paradigm-building actors' are also relevant to this discussion. Writing in a social entrepreneurship context, Nicholls suggested that each of the following impact such organizations: governmental entities, foundations, fellowship organizations, and network builders. According to Nicholls (2010a), *governmental entities* include governing bodies such as states, cities, and municipalities. Such public and centralized (Ingram & Clay, 2000) actors commonly have instituted legal and regulatory requirements which social enterprises typically must comply with—an institutional constraint. Social enterprises do however have strategic options; for example, to lobby for reforms. *Foundations* are representative of funding organizations which provide grants and other tangible financial resources. These typically private and centralized entities, such as the Skoll Foundation, can obviously make a huge difference to organizations which excel in grant-writing, for example. Such pragmatic legitimacy attempts, even when unsuccessful, can send signals that a firm is acting in expected ways. *Fellowship organizations* have a purpose, through membership, to "build a community of practice" (Nicholls, 2010a, p. 619). Membership in these typically private and centralized organizations, such as Ashoka, can pragmatically increase the likelihood of building new relationships, with many potential benefits. Finally, Nicholls (2010a) identifies *network builders*, such as the Social Enterprise Alliance and the Community Action Network, which may provide some combination of inter-organizational discourse, business support and infrastructure, development of earned income strategies, and sharing of best practices. Social enterprises which attend effectively to key actors (Ingram & Silverman, 2002; Nicholls, 2010a) in each of their unique institutional contexts are, in essence, 'covering all bases.'

Clearly, social enterprise decision-makers have much to consider in their endeavor to bolster legitimacy perceptions. In addition to their complex and competing institutional environments, they also typically have other pressures, including high dependencies on external resource providers (Cornforth, 2014; Ruebottom, 2011) and short-term operational pressures (Dart, 2004). Some social enterprises also have environmental goals that can compete with economic and social responsibilities, a so-called 'triple bottom line' of accountability (Dixon & Clifford, 2007). Adding to the complexity, organizations which face resource constraints and powerful external environmental conditions may unwittingly fall prey to isomorphism. These conditions—including coercive, mimetic, and normative influences (DiMaggio & Powell, 1983)—can have a homogenizing effect on social enterprises (and, clearly, other organizations). While these isomorphic influences indeed may be constraining, Nicholls (2010a) persuasively makes the case that isomorphism can be 'reflexive' in certain cases, such as firms in nascent fields with limited competition (see also Mason, 2012). In such cases, strategic (internal) agency can be a more dominant force than external isomorphic influences. This ability to nimbly flex and adjust strategy and activities allows some social enterprises—particularly those which are entrepreneurial and in emerging fields—to be less impacted by isomorphic forces. Thus, legitimacy perceptions can be, in part, shaped through agency and strategic action (Mason, 2012; Nicholls, 2010a).

As the extant literature makes clear, the complex and competing environments that social enterprises must navigate require a combination of tools and processes to enable these firms to be perceived as legitimate by their most salient stakeholders. Such mechanisms optimally will address internal and external accountabilities through both functional and strategic activities.

Accountability Mechanisms for Legitimacy Enhancement

Accountability has been described as "the process of holding actors responsible for actions" (Fox & Brown, 1998, p. 12) and as having an internal dimension and an external dimension (Ebrahim, 2003). Internal accountability involves a felt responsibility (Fry, 1995) to oneself or to one's own organization. External accountability is viewed as an obligation to meet others' expectations or "prescribed standards of behavior" (Chisolm, 1995, p. 141). Moreover, accountability-related activities may be initiated proactively (and voluntarily) from within an organization or as a tactical reaction to external demands (Connolly & Kelly, 2011; Ebrahim, 2003). Accountability is a critically important issue facing nonprofits (Ebrahim, 2003; Benjamin, 2008), NGOs (Ebrahim, 2003), and social enterprises (Ebrahim et al., 2014).

In a much-cited article, Ebrahim (2003) suggests that NGOs and nonprofit organizations typically put too much emphasis on 'upward' accountability—on patrons such as donors, trustees, foundations, and governments—and not enough on 'downward' accountability to beneficiaries; i.e., to the constituents they serve (cf., Chen et al., 2020). In addition, too much emphasis tends to be placed on external accountability, on the short-term, on operational activities rather than strategic initiatives, and on reporting rather than on building learning capacity. Indeed, overemphasis on formal, upward accountability mechanisms can result in worker resentment, as well as valuable time and focus extracted from core service activities, both of which can threaten organizational survival (e.g., Dixon et al., 2006). Ebrahim (2003) concludes with the following: "...the challenge of accountability lies in directly addressing these much neglected components in order to eventually find a balance between external and internal, upward and downward, and functional and strategic approaches" (p. 826). A primary premise of our framework is that social enterprises would be wise to consider how to take appropriate action on all of these accountability facets and in each of a social enterprise's institutional contexts. Whereas offering specific solutions for all of these facets is beyond the scope of this paper, we suggest Ebrahim's (2003) work on *accountability mechanisms* is an excellent starting place.

Accountability mechanisms have been the subject of several conceptual and empirical studies. For example, accountability mechanisms have been found to be applied in an unbalanced manner by decision-makers due in part to the disproportionate influence of a few more powerful external stakeholders (O'Dwyer & Unerman, 2008). More recently, accountability mechanisms have also been studied in a Nigerian health financing option implementation program (Uzochukwu et al., 2018), on pay for performance effects (Mayumana et al., 2017), and in the context of education-related Public-Private Partnerships in the United Kingdom (Stafford & Stapleton, 2022). Interestingly, with just a few exceptions (e.g., Mason, 2012; Rotheroe & Richards, 2007), no studies of social enterprises in this context have been widely cited.

Articulated by Ebrahim (2003) in an NGO and nonprofit context, accountability mechanisms are tools or processes used to signal that an organization is meeting or exceeding its obligations. Accountability *tools* refer to "discrete devices or techniques used to achieve accountability" (p. 815). As such, these tools tend to be outcome-focused and "applied over a limited period of time, can be tangibly documented, and can be repeated" (p. 815). Examples of such tools include financial reports, disclosures, and performance evaluations (Ebrahim, 2003), as well more informal mechanisms such as storytelling (Chen, 2013; Chen et al., 2020). Accountability *processes* "emphasize a course of action rather than a distinct end-result, in which the means are important in and of themselves" (Ebrahim, 2003, pp. 815–816), and include such processes as participation, self-regulation, and social audits. We also suggest that work on administrative innovations (Damanpour, 1987; Ravichandran, 2000; Teece, 1980), certified management standards (CMS; Terlaak, 2007), management system standards (MSS; Heras-Saizarbitoria & Boiral, 2013), managerial innovation (Damanpour & Aravind, 2012), and metastandards (Heras-Saizarbitoria et al., 2010; Uzmeri, 1997) all fit well under an accountability mechanisms umbrella, as each addresses either functional organizational imperatives or strategic opportunities which can foster both responsibility and legitimacy perceptions.

Drawing on the foundations above, we next offer examples of specific accountability mechanisms relevant to social enterprises for each of their institutional contexts. *Private-decentralized* accountability mechanisms in the form of management standards have been studied extensively in the literature (e.g., Abdullah & Ahmad, 2009; Naveh & Marcus, 2005; Terlaak & King, 2006) and involve "…initiatives that operate against weak legal backgrounds, maintain that noncompliance is legal, and leave firms with a real choice to comply or not" (Terlaak, 2007, p. 971). For example, Terlaak (2007) classifies CMS in the category of private-decentralized institutions, where 'private' refers to organizations and individuals as CMS creators, as opposed to the state. The 'decentralized' dimension refers to the CMS's ability to create order in situations where there are no reinforcing laws and where institutional norms may be ineffective. Hence, CMS are largely *enforced* by "diffuse individuals" (Terlaak, 2007, p. 970) rather than by publicly funded entities. Classic CMS examples of this form of accountability mechanisms include Total Quality Management, ISO 9000 (quality management), and ISO 14001 (environmental management). As noted by Terlaak and King (2007), two unique characteristics of CMS are voluntary compliance and that independent third-party functionaries exist to certify compliance. Another private-decentralized example, not of a standard but rather a new way of managing, is 'Productive Ward: Releasing Time to Care,' described as "a new way for hospitals to enable nurses to make changes in their wards" (Van den Broek et al., 2014, p. 5).

In stark contrast is the *public-centralized* context, where regulations, standards, or laws are enforced by a central authority (i.e., municipality, state, or federal government). Where compliance is mandatory, such as following United States Food and Drug Administration (FDA) guidelines, failure to comply may result in clear punishments (e.g., fines, loss of license) or negative publicity (e.g., from recalls). Certain accountability mechanisms, such as the development of governmental entities (e.g., federal or state departments overseeing social services, housing, or food and drug production) charged with oversight of a social enterprise industry, serve to improve the welfare of society. In instances where compliance with a central authority is not mandatory, earning certifications with an authority (e.g., ISO 9001: 2015 as certified by the International Organization for Standardization) can help differentiate a firm from competitors and hold itself to higher standards.

The *private-centralized* accountability mechanisms category is multi-faceted. It may consist of rules-based certifications monitored and enforced by a particular organization or 'super-organization,' such as in the diamond industry (Ingram & Silverman, 2002, p. 13). Thus, primary actors can be certification bodies and other voluntary sustainability standards-setting organizations (VSSSOs; Bennett, 2016), but can also include foundations (e.g., Skoll

Foundation), fellowship organizations (e.g., Rotary Club), and membership organizations such as the United Way and the Social Enterprise Alliance. Activities in this quadrant are undertaken largely because they are viewed as smart, brand-building certifications or memberships that differentiate one's organization from competitors. Noncompliance in this case often results in loss of certification or unwanted publicity.

Finally, accountability mechanisms that fall within the *public-decentralized* domain typically have diffuse authority structures for enforcement but impact a wide spectrum of actors. Generally, activities undertaken here are to strategically align with prevailing societal values (e.g., ISO 2600–Corporate Social Responsibility) or to avoid controversy (e.g., with watchdog groups) within the extant culture.

For many social enterprise executives, a primary goal is to ensure that the organization is perceived as legitimate by as many of these stakeholder groups as possible (Dart, 2004; Ebrahim et al., 2014; Nicholls, 2010a), bolstering the case for a multi-institutional context strategic approach. Moreover, as Bennett (2016) notes in her study of Fairtrade International's legitimacy signaling challenges, decisions regarding which stakeholders with whom to most engage can influence an organization's governance structure and legitimacy perceptions. Whether legitimacy is derived from compliance, certifications, savvy use of online platforms, contributions, grants, return on investment activities, special events, sales, or from some combination of these activities, attending to salient stakeholders in each institutional context can raise an enterprise's legitimacy status and help in overcoming some of the challenges they commonly face (e.g., Dart, 2004; Huybrechts et al., 2014; Spear et al., 2013).

Illustrations of the Framework and Preliminary Findings

As a preliminary exploration of the validity of our framework, we conducted interviews with executives from three established social enterprises using a purposive sampling technique (e.g., Emmel, 2013; Mason, 2012; Robinson, 2014). Compared to convenience sampling, where subjects may not be applicable to the research being studied, purposive sampling "is the deliberate choice of a participant due to the qualities the participant possesses. It is a nonrandom technique that does not need underlying theories or a set number of participants" (Etikan et al., 2016, p. 2). This technique is typically helpful in qualitative studies and when well-informed, information-rich participants are available to provide data on the phenomenon of interest. There are several purposive sampling techniques. The technique applied in our study, critical case sampling, is a method "popular in the initial stages of research to determine whether or not a more in-depth study is warranted" (Etikan et al., 2016, p. 3). With this method, a few important or 'critical' cases are selected and then examined. Such critical cases, if consonant with the theoretical framework, can serve as a springboard for future research.

We deemed this approach particularly useful given that our goal was to explore how a diverse group of social enterprises applied accountability mechanisms in their various institutional contexts. Data was obtained through key informant interviews with one senior executive from each social enterprise. Authors had professional connections with executives in each of these organizations. These executives were selected due to their in-depth knowledge about their respective organization's stakeholders and ability to provide rationale for adoption of firm-specific accountability mechanisms. All interviewed executives were able to provide informative, thoughtful, and reflective insights based on their experience. Secondary data resources were also used and obtained from three sources: 1) internal organizational reports that were requested from the interviewed executives, 2) documents posted on websites, and 3) publicly available information.

In terms of the key informant interviews, we approached executives with several targeted questions, with particular emphasis on Ingram and Clay's (2000) institutional contexts and

Table 1. Interview Questions Posed to Executives in our Sample

"When you think about industry norms, which activities help your organization conform?"
"Which specific laws and regulations do you attend to?"
"Who are your most important stakeholders?"
"Which certifications has the firm earned?"
"Which activities set you apart from others in your industry?"
"On which social media platforms is the firm active? What's the rationale for being on social media?"
"In which industry organizations is the firm an active member? Why is this important?"
"In which community organizations is the firm an active member? Why?"

Nicholls' (2010a) actors. As shown in Table 1, these questions involved the following: their most salient stakeholders, activities related to attending to stakeholders or industry norms, and specific questions related to each of the institutional contexts.

From these interviews, we eliminated data that was clearly and exclusively revenue-production focused (i.e., product or service related). All other data was scrutinized for fit with the definitions related to accountability mechanisms. The specific accountability mechanisms activities by the organizations in this study are presented in Figure 2. These established social enterprises, with names changed for privacy purposes, were Community Industries Inc., Grace House, and Social Entrepreneurial Aquaculture Venture. Each, described in more depth below, has home offices near the eastern coast of the United States. Unless otherwise noted as global or international, each of the accountability mechanisms mentioned are based in the United States.

Community Industries Inc. (CII) is a thriving nonprofit manufacturing venture with more than 50 years of providing full employment for persons with disabilities. Along with its core contract packaging business, CII also has growing food repackaging and secure document destruction businesses. As an employer of persons with disabilities, CII has sought and secured government contracts that encourage such employment. CII full-time employment of persons with disabilities has commonly exceeded 70% of its workforce. In doing so, it continuously secures many benefits but also must meet the requirements of many stakeholders. In our interview with the senior vice president for operations, an individual with more than thirty years of experience with CII, it was revealed that CII had intentionally attended to stakeholders in each institutional quadrant. He said CII has learned it continually needs to be attuned to salient stakeholder needs and, given its unique social enterprise workforce, ensure compliance with all relevant laws and regulations. While CII regularly feels "tension between social concerns and business realities," this executive said he also recognizes its highly successful brand was built on—and continues to benefit from—the social impact reputation it has earned. They also have learned that an active social media presence and strategic membership in key groups helps ward off undesired outside concerns. Even though he had never seen Ingram and Silverman's (2002) four-quadrant model, he was not surprised CII attended to activities in each quadrant.

For example, to address industry norms and reach social group stakeholders in the *private-decentralized* quadrant, CII is involved with Social Enterprise Alliance activities and membership. To broadcast positive news and employment opportunities, it has active Facebook, Instagram, and LinkedIn accounts. Each of these online platforms are common accountability mechanisms in the contract packaging industry and also send signals to diverse stakeholders—and particularly for-profit firms and governmental entities needing packaging—that CII is in touch with common social media technologies and is active in aligning with industry expectations. To address and strategically align with changing cultural and societal values—the *public-decentralized* quadrant—CII regularly scans the local and regional environment for both industry issues (e.g., in contract packaging) as well as issues

Figure 2. Social Enterprise Legitimacy and Adoption of Accountability Mechanisms (AM): Multi-Institutional Context Activities of Three Established Social Enterprises

	Decentralized Influences[1]	**Centralized Influences**[1]
Private[1]	AM adoption—**strategic** and institutional compliance activities: [2] **Social Enterprise Alliance; Facebook; LinkedIn; Instagram** [3] **VA Housing Alliance; Virginia Housing Coalition; Facebook; Instagram; Twitter; Local TV and radio spots** [4] **Global G.A.P certification; World Aquaculture Society; Aquaculture Stewardship Council certification**	AM adoption—**strategic** and institutional compliance activities: [2] **Contract Packaging Association; Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation** [3] **National Alliance to End Homelessness (NAEH); United Way agency; Rotary Club; Elks Club; area food banks** [4] **Global Aquaculture Alliance (GAA) certification; Friend of the Sea (FOS) certification**
Public[1]	AM adoption—**strategic** and institutional compliance activities: [2] **Watchdog groups within disability community; ISO 26000 (CSR);** Dept of Justice [3] **Regional collaborations (e.g., with churches) and awards (e.g., from the United Way)** [4] **Food and Agriculture Organization of the United Nations - FAO 1995 Code of Conduct for Responsible Fisheries (CCRF)**	AM adoption—**strategic** and institutional compliance activities: [2] Dept of Aging & Rehabilitation Services (DARS); **AbilityOne; 14(c) Certification (Federal Dept of Labor); ISO 9001: 2015; Current Good Manufacturing Practices (CGMP);** Food Safety Act; Food and Drug Administration (FDA) [3] VA Dept of Housing and Community Development (DHCD); Dept of Social Services; Dept of Protective Services [4] Florida Dept of Agriculture and Consumer Services (DACS); Food and Drug Administration (FDA)

Note: Strategic (voluntary) adoptions are in **bold** face type.
[1] Based on Ingram and Clay (2000) and Ingram and Silverman (2002)
[2] Community Industries Inc.
[3] Grace House
[4] SEAV

related to disabilities employment. As such, it has staff monitoring watchdog groups, is regularly in touch with the state Department of Justice (to ensure the legal and potentially criminal status of workers) and has chosen to comply with ISO 26000 (social responsibility) guidelines. CII believes in the importance of staying 'on the good side' of watchdog groups and also believes social responsibility practices help secure packaging contracts.

To stay in sync with industry rules—the *private-centralized* quadrant—CII stays compliant with primary industry stakeholder groups. These include membership with the Contract Packaging Association, allowing CII to learn best practices and seek partnerships for particularly large contracts. In order to send a signal that it is a quality health and human services provider, CII has chosen to be accredited with the Commission on Accreditation of Rehabilitation Facilities (CARF), an international nonprofit organization. Last, in the *public-centralized* sphere, CII carefully monitors its compliance with all applicable laws and governmental regulations and guidelines. In their specific context, this means careful compliance with the Food Safety Act, the Food and Drug Administration (FDA), and with the Department of Aging & Rehabilitation Services (DARS). It also has been strategic about following applicable statutory and regulatory guidelines via Current Good Manufacturing

Practices (CGMP; enforced by the FDA) and ISO 9001: 2015 (quality management standards) certification. It should be noted there are no legal requirements for CGMP and ISO 9001: 2015 certification; but CII has found these certifications an effective way to send an operational quality and efficiency signals to stakeholders. To enable CII to pay below minimum wage to workers with a disability, and as a way to keep costs lower and still employ less capable workers, it consistently has earned the 14(c) subminimum wage certification designation. For workers with less debilitating disabilities, it consistently has earned AbilityOne designation, a strategic decision which qualifies CII for additional federal contracts.

Grace House**,** with more than 30 years in business, is a homeless shelter dedicated to providing homeless families residency, life skills, day care, and employment assistance. Many of the adult residents work for one of three Grace House thrift stores. This employment provides security—even long-term employment for some—and work-related skills. Along with fundraising efforts, government assistance, and local donations, the thrift stores provide vital additional funding that enables more families to benefit from Grace House provisions. Each of the thrift stores sells 100% donated items—both new and used items such as furniture, clothing, books, flooring, and appliances. Approximately 20% of the costs of running Grace House activities comes from thrift store proceeds. In addition to providing housing and employment opportunities for homeless adults, Grace House thrift stores also regularly provide free goods to refugees and other economically challenged individuals in the local area.

In interviews with the executive director, it became clear that attending to primary stakeholders' expectations has been a challenging process—due in part to changing standards, to increased online platform expectations, and to Grace House executive management turnover in the past decade. After a brief introduction of our framework, he was easily able to process the quadrants and describe the myriad ways Grace House "touches all the bases" with stakeholders. For example, in the *private-decentralized* quadrant, its membership with the Virginia Housing Alliance and with the Virginia Housing Coalition allows Grace House stay in touch with legislative and policy decisions, aids credibility, and fosters collaborative opportunities to strengthen lobbying efforts. To build its brand and benefit from a larger network—particularly for donations and fundraising—it does regular television and radio spots (which commonly are donated, given its social impact mission). It also has an active Facebook page for both the homeless shelter as well as its thrift stores, and sensitively attends to a Twitter account when warranted. Instagram is also used in a variety of ways, including offering pictures of fundraising successes and for broadcasting certain goods for sale.

Like CII above, Grace House commonly scans its regional environment for threats (e.g., from other used goods retailers, including other thrift stores) as well as opportunities (e.g., large stores closing or remodeling, offering potential donations). These *public-decentralized* quadrant activities aid in dealing with stakeholder complaints and concerns. As a United Way agency, Grace House receives tangible funding as well as other benefits from networking with United Way agencies, which work together on lobbying and collaborative opportunities. It also works with regional bodies (e.g., churches) and benefits from both human and financial resource provisions. From a *private-centralized* (industry rules) perspective, Grace House pragmatically is a member of both homelessness alleviation organizations (e.g., National Alliance to End Homelessness) as well as general service organizations, such as Rotary Club and Elks Club. It also contributes to and benefits from area food banks. Last in the *public-centralized* quadrant, Grace House executives know the importance of attending to all relevant laws and regulations. Given its mission, it ensures compliance with the Virginia Department of Housing and Community Development (DHCD), Department of Social Services, and Department of Protective Services.

Social Entrepreneurial Aquaculture Venture (SEAV) is a social enterprise in the aquaculture industry. The farming of aquatic organisms provides 50% of the world's seafood supply and is valued at $125 billion annually (Bush et al., 2013). In recent years the seafood industry has come to realize that the increased demand for seafood can only be met through agriculture of the oceans, or aquaculture. This increased reliance on human means of reproducing, growing, and marketing aquatic organisms has spawned phenomenal growth in associated aquaculture technologies ranging from husbandry methods to water filtration technologies. In the case of aquaculture, sustainability is an important concept due to the interdependence between the cultivation of aquatic organisms and the natural resources afforded by the environment. In addition, overuse of natural habitats can have a devastating impact on a given aquaculture project. Thus, the industry has been moving rapidly toward a model that utilizes self-contained, re-circulating systems, with minimal impact on the environment. This organization was selected for this study as a prototypical social enterprise venture for four key reasons. First, this nonprofit, high-tech entity has a distinct social mission of sustainably producing seafood as well as the goal of channeling all revenues in excess of costs to its sister firm, SEAL (a pseudonym), a marine research laboratory. Second, SEAV was too early in its life cycle to signal strong financial performance to its constituencies, thus necessitating alternative means of signaling legitimacy. Third, this entity was faced with an increasing number of new 'standards' on the market lending to a complex and difficult decision in determining which accountability mechanisms were most viable to adopt. Finally, aquaculture firms, like many other social enterprises, have the potential to leverage accountability mechanisms (and pursuit of certifications in particular) to their benefit in terms of influencing the support they garner from external stakeholders. Recent research in a leading journal, *Science*, echoes the significant potential benefits of adoption:

> *[Aquaculture] producers have to make strategic decisions about which standards to adopt and, thus, which processors to use and international markets to access. These choices also influence the support that local governments, NGOs, and donors offer (e.g., by underwriting on-farm improvements or management of common resources, such as water) (Bush et al., 2013, p. 1067).*

As with the Community Industries Inc. and Grace House examples above, SEAV strategically and sensitively attended to many adoption activities that influence primary stakeholders. For example, after the 2004 introduction of an aquaculture standard, SEAV earned certification with the GlobalG.A.P., an international and widely dispersed organization which certifies firms through 142 independent certification bodies (CBs), including aquaculture. Moreover, SEAV chose to become certified with the Aquaculture Stewardship Council, an independent global nonprofit organization that manages aquaculture certifications and labeling programs. In addition, SEAV values membership in the World Aquaculture Society, a loosely affiliated organization that enables networking at sponsored meetings, as well as providing members with publications which offer industry trends and best practices. These are SEAV's primary *private-decentralized* activities.

With respect to *public-decentralized activities*, SEAV makes every effort to comply with the FAO 1995 Code of Conduct for Responsible Fisheries (CCRF), an initiative of the Food and Agriculture Organization of the United Nations. This helps SEAV maintain high standards in ecosystem conservation and biodiversity management and development of living aquatic organisms.

SEAV also values *private-centralized* compliance with several organizations. The Global Aquaculture Alliance (GAA) is one of the leading standards-setting organizations for aquaculture seafood. Enforcement is through GAA. The other organization, Friend of the Sea (FOS), is a project of the World Sustainability Organization and an NGO focused on conservation of the marine environment. SEAV's membership and certification requires adherence to specific organizational rules enforced directly by FOS.

Importantly, aquaculture organizations also have *public-centralized* rules with which to comply, for the safety benefit of aquaculture consumers. Here, certifications are mandatory and are enforced by laws. In SEAV's case, this means certification and compliance with the Department of Agriculture and Consumer Services (DACS) and state statutes. All aquaculture entities in the state must be certified by DACS. In addition, since it is a food source, SEAV must comply with the United States Food and Drug Administration (FDA).

Discussion and Future Research

The purpose of this research was to propose a conceptual framework linking adoption of (or compliance with) accountability tools and processes to social enterprise institutional contexts. Applying Ebrahim's (2003) work on nonprofit and NGO 'accountability mechanisms' to social enterprises, a main premise for such adoption is to bolster legitimacy perceptions of social enterprises' diverse primary stakeholders. Enhanced legitimacy perceptions strengthen stakeholder ties and increases the likelihood of enterprise sustainability (Dart, 2004; Deephouse et al., 2017; Suchman, 1995).

Data collected from three established social enterprises provides preliminary validation of our framework. Specifically, each of the organizations indicated voluntarily adopting accountability mechanisms in at least three of their four institutional contexts. When considering nonvoluntary compliance with accountability mechanisms developed and required by outside (typically governmental) organizations—in the *public-centralized* quadrant (Ingram & Clay, 2000)—all three organizations indicated compliance. As can be seen in Figure 2 above, most of the accountability mechanisms these organizations adopted are voluntary and strategic choices that are beneficial in some way, not least of which is to communicate legitimacy to stakeholders. Adoption activities included savvy use of social media platforms to earning relevant certifications, voluntary adoption of the latest industry standards, as well as memberships with influential community organizations and visibility at industry functions. The executives interviewed indicated a belief that their organizations are more competitive and attractive to customers and other stakeholders as a result of applying such tools and processes.

It should be noted also that, even in the *public-centralized* quadrant—typically a compliance accountability mechanisms category—there were several voluntary adoptions in our data. From our interviews and from the documents we examined, it became clear that compliance within this category increased market opportunities for CII especially. For example, its AbilityOne compliance and 14(c) certification with the U.S. Department of Labor both provide CII with the legal opportunity to hire and pay subminimum wages to persons with typically severe disabilities—individuals who would likely struggle to be hired elsewhere. These strategic choices also put CII in a priority status category, and also enabled CII's federal customers to receive advantageous pricing, savings passed along due to the lower worker wages.

Although our framework does not explicitly address recently established ('new') social enterprises, we believe future research on the legitimacy enhancing impact of adoption for such social enterprises could prove fruitful for practitioners and scholars alike. Due to their novelty and typically resource-poor operating environments (Desa & Basu, 2013; Huybrechts et al., 2014), new social enterprises especially confront challenges with communicating and maintaining legitimacy on several fronts (cf., Alexius & Furusten, 2020). Specifically, when viewed through the lens of the Bagnoli and Megali (2011) metrics for social enterprise performance, three critical challenges are apparent. First, the liability of newness (Hager et al., 2004) of these ventures often precludes the presentation of impressive financial performance. Second, mission-critical outcomes for new social enterprises have typically not been optimized and often more closely reflect a concept or dream of the founder than reality (e.g., Dart, 2004). Third, new ventures commonly have not yet established effective processes and activities required to achieve their stated social effectiveness outcomes. Thus, in practice, stakeholders of such enterprises commonly have little to objectively assess, often resulting in low levels of perceived legitimacy (e.g., Dart, 2004).

Taken in aggregate, these common conditions create formidable challenges for both new and even many established social enterprises. Future research could explore, for instance, legitimacy perception differences between new social enterprises which adopt accountability mechanisms in each institutional context and those which do not. Relatedly, and given the typically sparse resources of new enterprises, it would be fruitful to explore which accountability mechanisms are most impactful on legitimacy perceptions and objective performance metrics, and in which institutional contexts. For example, might a particularly visible certification, both new to the firm and earned as a first-mover advantage relative to competitors, offset legitimacy perception deficits in other areas (e.g., limited social impact; low fundraising)? In addition, studying the relative legitimacy-enhancing value of voluntary (strategic) versus involuntary (mandatory compliance) adoptions should be valuable to both researchers and practitioners.

This discussion of accountability mechanisms would not be complete without consideration of a few caveats and mention of methodological limitations, each of which may also be viewed as future research opportunities. First, our data collection strategy—applying a purposive sampling technique—involved just three established social enterprises. Given the small sample size and our key informant interviews with just three individuals, it would be helpful to collect data with both internal and external stakeholders to make more informed inferences about whether adoption indeed influences legitimacy perceptions. Additional research also needs to be conducted to determine if enhanced legitimacy perceptions due to certain adoptions indeed produce social enterprise benefits, such as increases in funding and lengthier (and stronger) stakeholder affiliation. Further, our data collection techniques did not discern *why* the accountability mechanisms applied by these organizations were chosen. For example, was earning a non-mandatory certification done to enhance legitimacy perceptions, for survival, to gain a competitive advantage to increase revenues, or some combination? Future research is needed to accurately determine the rationale for chosen mechanisms.

Second, the strategic adoption of accountability mechanisms should be viewed as just one way for increasing legitimacy perceptions. More research needs to be conducted on the relative importance of revenue-generating products (or services-related advancements) versus accountability mechanisms. In addition, since “sector-wide structuration dynamics generate cultural pressures that transcend any single organization's purposive control” (Suchman, 1995, p. 572), social enterprises must be attentive to other ways to mitigate legitimacy pressures not addressed by adoption. Moreover, even when legitimacy perceptions are strong, they cannot be taken for granted as institutional dynamics are likely to change (Alexius & Furusten, 2020). Thus, both longitudinal studies—e.g., to ascertain the relative strength over time of a particular adoption on legitimacy perceptions—and studies of changes in institutional pressures and expectations could prove enlightening.

Third, research is needed on the differential effects of certain adoptions (e.g., key standards; social media platforms), and particularly for different industry categories. For example, do particular accountability mechanisms (e.g., certifications) provide a disproportionate boost in legitimacy perceptions? If so, how much of a boost and for which stakeholders? Further, applying Benjamin’s (2008) arguments made in a nonprofit context, additional social enterprise research needs to be conducted on legitimacy perception effects when social enterprises provide ‘verification accounts’ when they have used mechanisms to meet accountability expectations, and also ‘explanatory accounts’ when expectations have not been met. Moreover, additional research on different social enterprise types, such as integrated hybrids, differentiated hybrids, and work integration social enterprises (WISEs; see Mair et al., 2012; Mair et al., 2015) could prove fruitful as a way to determine how to best use resources to strengthen legitimacy.

Fourth, additional research is needed on the potential drawbacks of adoption. For example, it is likely some accountability mechanisms are more costly (in financial and human resources) to adopt than others, so the benefits of adoption, resources trade-offs, and their ability to address a given stakeholder group's concerns must be weighed carefully. Similarly, care should be taken to ensure that adoption does not 'lock' the venture to specific stakeholders beyond the purposes of the intended relationship. Future research exploring both cost-benefit dynamics and temporal aspects of adoption on legitimacy perceptions should prove helpful.

We recognize much more needs to be done in the context of our framework. Nonetheless, we believe adoption of accountability mechanisms, intentionally enacted to influence principal stakeholders in social enterprises' multiple institutional contexts, could prove to be one valuable way to reap benefits from stronger stakeholder legitimacy perceptions.

Disclosure Statement

The author(s) declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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