

Building legitimacy for hybrid organizations

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Abstract

Social enterprise hybrids adopt financially sustainable business strategies to achieve social sector success – they thus combine aspects of two or more categories of organizations. In doing so they face a legitimacy struggle in that by seeking to comply with expectations associated with both the private sector and the social sector, often conflicting categories, they end up being neither one type nor another. If however social enterprise hybrids can be successful in both dimensions then one solution to the confusion is to help establish the hybrid form as a new legitimate organizational category. In this paper we empirically investigate the legitimacy-building activities and discourses of a network established to promote community-owned renewable energy cooperatives. We identify four discursive activities associated with building legitimacy for social enterprise hybrids: critiquing the parameters of the field; proposing a new combination of existing logics; advocating the advantages of hybrid organizations; and communicating the new practices of hybrid organizations.

1. Hybrid organizations and organizational legitimacy

This chapter explores the ways in which hybrid organizations can attempt to overcome the liability of their newness and address the challenges of managing competing expectations by developing new forms of organizational legitimacy. It draws on an empirical study of a network established to promote community-owned renewable energy co-operatives. The study identified four discursive activities associated with building legitimacy for these social enterprise hybrids: critiquing the parameters of the field; proposing a new combination of existing logics; advocating the advantages of hybrid organizations; and communicating the new practices of hybrid organizational forms. Having reviewed the operation of each of these strategies the chapter concludes by discussing their value and their implications for the work of organizational hybrids more generally.

Hybrid organizations are “organizations that combine institutional logics in unprecedented ways” (Battilana & Dorado 2010: 1419; Scott 2001) – they thus bring together logics from different, and often conflicting, fields into a singular organizational form. Social enterprises, for example, are typical hybrids that combine economic, social and environmental goals (Battilana & Lee 2014; Billis 2010; Doherty *et al.* 2014) and have been found to operate successfully in diverse sectors such as microfinance (Battilana & Dorado 2010), fair trade (Huybrechts 2012) and work integration (Pache & Santos 2013). Although exploiting business methods to address social or environmental problems might suggest an organizational model that combines the best of both worlds, categorical confusion has been found to limit an organization’s access to resources and negatively impact the long term survival (Tracey *et al.* 2011).

Hybridity in organizations is not a new phenomenon (Billis 2010), however interest in innovative organizational models that facilitate the achievement of double, or triple, bottom lines has flourished in response to global sustainability challenges (Hoffman *et al.* 2012). Hybrid organizations however face legitimacy challenges in that they are (1) difficult to categorize within established organizational taxonomies (Aldrich & Fiol 1994; Suchman 1995) and (2) held to account to multiple institutional demands by audiences that use different and possibly contradictory legitimation criteria (Kraatz & Block 2008). In turn the credibility of their claims of commitment to different sets of standards may be deemed to be unconvincing. Securing the conferment of legitimacy from stakeholders is therefore an important challenge facing hybrid organizations.

However previous research has not investigated the activities required to build legitimacy when the organizational form bridges two or more institutional categories.

Legitimacy is a critical survival factor for organizations (Kraatz & Block 2008) and is highly contingent on the institutional fields in which they operate (DiMaggio & Powell 1983; Meyer & Rowan 1977). Isomorphism explains how the environment in which organizations are embedded leads them to adopt dominant models of organizing, processes and practices (DiMaggio & Powell 1983; Meyer & Rowan 1977). These dominant behaviours persist even when evidence of their efficacy is lacking (Meyer & Rowan 1977) because to do so confers legitimacy on those organizations that follow the behavioural patterns of others in the field. Compliance with regulations, norms and taken for granted ways of doing business, i.e. behaving as others do, leads to “social acceptability and credibility” (Scott 2001, p.58). For example, as managers of corporations have a fiduciary responsibility to shareholders, the dominant norm in business is shareholder primacy and corporations that do not comply with these rules and expectations face legitimacy challenges. Therefore, in order for new organizational forms to emerge they have to acquire legitimacy (Aldrich & Fiol 1994), the crux of which are social acceptance and credibility.

Legitimacy has received an increasing amount of attention since the 1970s as scholars sought to understand how organizations emerge and survive in different environments (see Deephouse & Suchman 2008 for a review). Suchman defines legitimacy as the “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” (Suchman 1995, p.574). Several types of legitimacies can be distinguished: pragmatic (or regulative), normative (or moral) and cognitive.

Pragmatic (or regulative) legitimacy is secured by compliance with laws and rules (Scott 2001; Suchman 1995). For social enterprise hybrids the decision concerning the legal model to adopt (e.g. charity, co-operative, business, etc.) has important implications for their access to capital and governance structure. In contrast to corporate structures, charities are barred from raising share capital and have stringent reporting responsibilities.

Normative (or moral) legitimacy is conferred when organizations comply with societal expectations about their behaviour (Scott 2001; Suchman 1995). For new categories of organizations

expectations about appropriate behaviour are less clear than for established categories (Lee & Pennings 2002; McKendrick & Carroll 2001; Romanelli & Fiol 2008). Which organizational form is associated, or “morally favored”, for the achievement of specific goals is made difficult when goals from more than one category are pursued by a singular organization type. By combining the goals and logics of different categories, social enterprise hybrids bridge existing categories in an unprecedented ways and in so doing create categorical confusion. One type of normative legitimacy that is of particular interest here is structural legitimacy, i.e. when “audiences see the organization as valuable and worthy of support because its structural characteristics locate it within a morally favored taxonomic category” (Suchman 1995, p.581). Structural legitimacy signals that an organization “is acting on collectively valued purposes in a proper and adequate manner.” Structural characteristics are thus important signals to locate “the organization within a larger institutional ecology and thereby determining with whom it will compete and from whom it will draw support” (Suchman 1995, p.581). The struggle to achieve legitimacy is manifest in efforts to raise awareness of the distinctive characteristics of the new organizational form (Tracey *et al.* 2011).

Finally, cognitive legitimacy concerns how organizations draw on cultural understandings to make sense of their environment (Aldrich & Fiol 1994; Scott 2001; Suchman 1995) and become embedded in the taken-for-granted assumptions about a category. To become taken-for-granted the characteristics and behaviours of organizations need to be understood by audiences that have the capacity to confer legitimacy. For example, investors need to understand the goals and functioning of an organization to decide whether it is an adequate recipient in function of their investment objectives.

When new organizational models emerge they lack structural legitimacy and suffer from the liability of newness (Aldrich & Fiol 1994). As their structural features are not aligned with existing taxonomies, new organizational models need to find ways to build their legitimacy in order to develop and survive (Aldrich & Fiol 1994). According to Suchman, gaining legitimacy is achieved in three different ways: (1) by adapting to the immediate environment; (2) by choosing an environment in which the new organizational model fits; or (3) by manipulating the environment in a way that makes the new form more acceptable. For social enterprise hybrids adapting to the immediate environment would involve focusing on either social purpose or financial sustainability

and thus imply relinquishing their hybridity. Finding a new environment would also be problematical as their emergence is predicated on their position between existing domains. Therefore, influencing the environment in which they are located may be the only course of action available to build legitimacy on the long term.

Actively seeking to manipulate the environment to develop support for a new organizational form requires both entrepreneurial and innovative behavior (Suchman 1995) that blends existing frames into novel combinations. How this is achieved in practice leads to a paradoxical situation in which new organizational forms strive to manage both their inherent distinctiveness and at least some conformity with established institutional expectations (Navis & Glynn 2011; Santos & Eisenhardt 2009). New organizational forms may thus seek legitimacy by borrowing behaviors from existing institutional repertoires, creating new behaviors or combining elements of both the old and the new (Lee & Pennings 2002; McKendrick & Carroll 2001; Romanelli & Fiol 2008).

The challenge of gaining legitimacy is even more pressing for hybrid organizations that bridge different fields and thus combine logics and structural elements from different and contrasting organizational categories (Tracey *et al.* 2011). In addition to managing different logics within the organization (Dufays & Huybrechts forthcoming; Pache & Santos 2013), hybrid organizations need to garner support, and secure legitimacy, from multiple external audiences (Kraatz & Block 2008). Moreover, hybrid organizations often emerge in the context or at the intersection of emerging fields, which further exposes the ambiguity concerning appropriate patterns of behavior (Santos & Eisenhardt 2009). Hence, sources of legitimation are likely to be both multiple and weakly structured (Aldrich & Fiol 1994; Navis & Glynn 2011). Novel hybrid organizations thus face “the double challenge of having to survive as new ventures while striking a delicate balance between the [different] logics they combine [...] so as to avoid mission drift” (Battilana & Dorado 2010, p.1419). As social enterprise hybrids do not naturally fit into the dominant categories of socio-economic landscape (Battilana & Lee 2014; Billis 2010; Doherty *et al.* 2014), multi-level legitimation strategies and institutional work (Tracey *et al.* 2011) may be the only course of action to build legitimacy and become institutions in their own right (Kraatz & Block 2008).

2. The study

2.a. Renewable energy cooperatives (REScoops)

This chapter examines the legitimacy-building efforts of a federation of “renewable energy source cooperatives” (REScoops) established to promote the development of their new organizational model. Renewable energy (RE) emerged within the domain of energy production in the 1970s (Sine & Lee 2009). Since then the RE sector has developed rapidly due to technological improvements, public awareness of climate change. Due to the opening of the energy production and supply markets, the landscape has diversified away from dominance by monopolistic public corporations to now include large corporations, small and medium sized enterprises, public authorities at the local, regional and national levels, individual households, and citizen-based cooperatives.

Energy cooperatives have operated in Italy, Austria and the United States since the beginning of the 20th century; however their engagement with RE is more recent (Weismeier-Sammer & Reiner 2011). In Europe, RE cooperatives are known as REScoops (from Renewable Energy Source cooperatives) and, as “environmental social enterprises” (Huybrechts & Mertens 2014; Vickers & Lyon 2012), they can be seen as hybrid organizations combining economic, social/community and environmental goals and thus blending elements from different forms related to the business, community and environmental action domains (Huybrechts & Mertens 2014). REScoops have been developing thanks to several factors (Bauwens *et al.* 2016): the response to the public suspicion that larger energy producers earn high profit margins from the sale of green energy; the willingness of consumers to control the source of the energy they consume; and the generation of 100% green origin energy, which has attracted support from both ecologically-minded consumers and environmental NGOs. In addition, through sharing ownership, decision-making and profit allocation among the citizens, REScoops have been instrumental in reducing community resistance to RE generation facilities, typically seen in protests against the erection of onshore wind farms (Weismeier-Sammer & Reiner 2011).

Despite the consumer, environmental and societal benefits of community-owned RE generation, REScoops face several barriers that hinder their growth, in particular difficult access to capital from members and bank loans as well as low recognition by public authorities and RE stakeholders

(Bauwens *et al.* 2016; Huybrechts & Mertens 2014). For example, REScoops reported difficulties in securing funding from banks and investors (citizens) because of a perceived ambiguity of the REScoop form and associated practices such as the collective dimension of management and the limited profit distribution. Similarly, REScoops found themselves located in between some of the categories described in several legal texts. Because they were not profit-maximizing shareholder-owned firms, they were not allowed to engage in certain activities (typically electricity supply) in several countries. On the other hand, because they were engaged in economic activities, they often did not qualify as community-representing groups in the context of citizen consultations. In brief, all REScoop founders reported detailed anecdotes of poor understanding of their multi-dimensional nature when seeking the support of given stakeholders. These barriers are indicative of regulatory, normative and cognitive legitimacy struggles that hinder the diffusion of the REScoop model.

2.b. The REScoop.eu federation

To tackle this problem and advance the recognition and support (i.e. the legitimacy) of REScoops, informal networking and experience sharing began in 2009, when individual REScoops and established cooperative groups collaborated to promote the REScoop model. The network was formalized in 2011 with the establishment of the REScoop.eu federation and registered in 2013 as a Belgian nonprofit organization. At the founding in 2011, it gathered ten pioneer REScoops from different countries (Belgium, France, Italy, Germany, the UK and the Netherlands) and several national and EU-level cooperative and RE supporting structures. Membership of the federation has increased steadily since its inception. From 2011 to 2015, the founding group of ten pioneer REScoops raised to more than 1500 registered either directly or indirectly through their national federation. Moreover, eleven new REScoops were created directly in the context of the first project and twenty-seven existing projects were scaled up.

In 2012, REScoop.eu secured EU funding for a three-year project called “REScoop 20-20-20” and aiming to promote the REScoop model and support new citizen-led groups to set up their cooperatives. In 2015, REScoop.eu received additional funding from the EU for seven new projects focusing on particular aspects of the development of REScoops (e.g. funding) or on specific RE sources (e.g. solar, wind, etc.). Furthermore, REScoop.eu gradually gained endorsements from numerous RE stakeholders, for example environmental NGOs (e.g. Greenpeace), climate change

and energy transition networks, local public authorities (e.g. the European “Covenant of Mayors” network) and cooperative and social enterprise federations (e.g. Cooperatives Europe). Thanks to the European funding and the support of Cooperatives Europe, the federation was able to hire two managers in 2015 who used to work for a pioneer Belgian REScoop. The board of directors is made of representatives of the founding pioneers and also includes two associated networks.

Finally, there is tangible evidence of increasing recognition over time of REScoop.eu by public authorities, RE corporations and the media. Federation representatives have been invited to debates, seminars and meetings hosted by a broad array of stakeholders including the European Parliament, European Commission, environmental NGOs, cooperatives, and RE industry associations (e.g. the European Wind Energy Association: EWEA). Throughout the REScoop 20-20-20 project, federation representatives were received in official capacity by five different EU commissioners, three members of the European Parliament and numerous administration officers. The federation has also been contacted by the EU commission as part of stakeholder RE consultations as a result of its recognition as a European-level representative federation of a specific type of actors (as compared with for-profit corporations) in the RE sector. In addition, since 2012 the federation has been featured in more than 120 television media reports and newspaper articles at both the national and European levels, such as Euronews.

2.c. Methods

Data was collected from three principal sources between 2010 and 2013: active participation, interviews and documentary analysis. To gain a deeper understanding of how the federation operated two of the authors participated in the REScoop 20-20-20 project. This provided access to information about the day-to-day activities of the federation including meetings and events. Field notes were recorded and written up daily. Fifteen semi-structured interviews were conducted with informants from the federation organization, federation members and key actors in the field of RE (see Table I). Finally, some key documents produced by the federation between 2011 and 2013 as well as all the external reports on which the federation relied to advance its claims were examined. The following tables provide a list of the interviews forming the basis of the empirical analysis.

Table I: List of interviewees

Type of organization	Descriptor
REScoop representatives (involved in REScoop.eu)	2 interviews in established Belgian REScoop with representatives now hired directly by REScoop.eu
	5 interviews in established REScoops (France, Germany, Netherlands, UK)
	3 interview in emerging REScoops (Belgium, Spain, UK)
Other networks and support organizations	3 interviews in cooperative networks (Italy, UK, EU)
	1 interview with EU renewable energy think tank
	1 interview with EU commission representative

3. Findings

The analysis of the data illustrates how the discourse of the REScoop.eu federation used language to build legitimacy for the social enterprise hybrid through four types of discourses: critiquing, proposing, advocating and communicating.

3.a. Critiquing the dominant patterns of the field

When setting up REScoop.eu, the founder members of the federation jointly analyzed the actors and practices of the RE field to diagnose the main gaps to which REScoops offered a solution. Two principal groups of actors were identified: policy makers responsible for the laws and policies that regulate and guide the RE industry; and organizations engaged in the supply and distribution of RE.

The federation considered that the public policies were dominated by economic and, to a lesser extent, environmental concerns, and pointed at the fact that issues of citizen participation, local development and access to energy were, at best, little acknowledged in the policy texts and, at worst, seen as impediments to market competition. Informants further identified two themes that constrain the long-term sustainability of current European RE policy.

The European laws and policies (for example the “2020 strategy”) were interpreted as favoring corporate suppliers and placing barriers to the development of community-owned and citizen-led RE initiatives. The EU as well as national governments were criticised for not ensuring that public goods were protected from commodification and exploitation by corporations. *“Why let others seize [the wind]? In which country are 97% of the revenues from a natural resource in the hands of private investors, often based abroad? That’s what is happening here with wind energy”* (REScoop Manager, Belgium). The perceived privileges to corporations were criticized because they ignored and hindered the development of small producers and cooperatives that together play an increasingly important role both in the energy market and as mobilisers of social capital.

The dominant policy logic was considered by the network to have been unsuccessful in creating the conditions in which a fair and open market would meet together with long term energy needs. *“EU member state’s governments fail to reach the EU’s objectives of liberalization in terms of competitive markets, fair prices and energy independence.”* (Funding application made by the federation)

Related to public policies perceived as unfair, the predominance of corporations and the difficulty of communities to compete on equal feet was a major area of critique by the federation. As many of the corporations are owned by foreign shareholders, the federation criticized the fact that the returns on investment are expatriated and not used to benefit the communities in which energy is generated. A recent short video produced by the federation has illustrated this point with the example of the island of Sifnos in Greece (see www.REScoop.eu). Corporations involved in RE generation and distribution were also criticized for not understanding the needs and priorities of communities in which they sought to build RE energy production facilities. This in turn was manifest in resistance to corporate investment in RE production facilities. *“These guys [the corporate staff promoting RE projects] are all engineers. They believe in numbers and don’t understand the social mechanisms behind resistance to windmills. They come with their expensive reports on the benefits of windmills, but they don’t speak the language of the citizens. Until we can explain this to [the corporate staff], they will fail over and over again.”* (REScoop Founder, France)

Critiquing the dominant logics of policy makers and corporations in the RE field is therefore one of the legitimacy-building activities developed by the network, in that the REScoop.eu federation tried to pave the way to the promotion of hybrid organizations that addressed the shortcomings of

existing RE providers and suppliers by identifying first how current policy failed to acknowledge that the broader economic, social and environmental focus of community-owned RE initiatives might create superior benefits when compared to corporations, and second how the focus and ownership of corporations failed to acknowledge the needs of communities.

3.b. Proposing a new combination of existing logics through the REScoop model

Most documents of the federation started with critiquing the current logics of RE policy and corporations, and then moved to propose and support the diffusion of a social enterprise hybrid that combined the logic of cooperative organizations with the principles and practices of RE. The federation advocated that the appropriation of the logics from two different domains would be more than a blend as it would reorient the cooperative commitment to the community more generally (and therefore beyond its members) and broaden the RE focus to include political activity. *“[REScoops] are redefining the boundaries between private, public and the common, mapping a new political terrain in the struggle to transform political and social relations in Europe.”* (Informant involved in the federation)

In proposing the REScoop model the federation actively sought to reframe the cognitive parameters of the existing RE field to accommodate a new social enterprise hybrid. The blueprint for the REScoop model is defined in the REScoop.eu Charter of Principles. The Charter identifies four challenges that REScoops seek to respond to: economic (i.e., energy costs and market structure; social-community (i.e., consumer access to energy, local ownership and profit appropriation; environmental (i.e., climate change); and political (i.e., energy policy and transitioning to a “post-oil” society). By defining the common challenges, principles and practices to be adopted by individual REScoops, the Charter provides a mechanism for creating a shared identity and consistency between organizations that adopt the model, relying on the experience of the pioneers who have successfully experimented with the model for several decades.

The Charter and other founding documents are much inspired by the cooperative movement. When appropriating the logic of cooperatives, the REScoop.eu federation emphasized alignment with the

history and principles of cooperative organizations. *“Our consortium supports cooperatives with economic, environmental, social and political objectives.”* (Federation’s statutes). Yet, at the same time, they contributed to re-interpreting the cooperative model by following its most recent evolutions towards stronger community orientation and multi-stakeholdership (Huybrechts & Mertens 2014).

A fundamental principle of the cooperative movement is that action is oriented towards the empowerment of individuals and communities through self-help and collective action. In common with private organizations, cooperatives are market-oriented; however the latter also focus on generating economic and social benefits for their members, and more widely the community in which they operate. This stands in contrast to private enterprise in which the focus is on the maximisation of financial returns to shareholders. The combination of market and community orientation is enacted through REScoop policies to promote collective ownership of RE assets, consumer access to energy regardless of ability to pay, and reinvestment of profits to further the goals of the cooperative. *“There are also social and ethical benefits to this business model in that we’re involved with fairness, we have a set of principles we work by such as investment by local people, equality, open membership, democratic control, information sharing, and concern for the local community.”* (Informant from UK REScoop)

Important to the cooperative model is the principle of giving support to and receiving support from other cooperatives. This principle is central to strengthening the performance of individual cooperative organizations as well as diffusing the cooperative model more generally. By proposing the REScoop model the federation aimed to achieve both these goals. *“REScoops are a great opportunity to show the benefits of the cooperative model and contribute to boost the cooperative renewal.”* (Director, European cooperative network)

A broader goal of the cooperative movement is to bring about change in the way that property is owned and used: towards less concern of private ownership for personal benefit and more concern of collective ownership for the benefit of society. In relation to the REScoop.eu federation this ambition is met by a political project to raise awareness of societal needs and propose a solution for a “post-oil” society in the future. *“[REScoops are] key to the success of [...] energy transition.*

Here, we are not only talking about a technological [...] transition, but mainly a societal one. This is where [REScoops] play a crucial role.” (report quoted in federation’s “Best practice report”)

The federation promoted REScoops as citizen-based organizations, rooted in and serving the interests of local communities, and as a viable alternative to the perceived policy-favoring of corporations. At the same time, the federation endorsed the principles of the RE industry to which committed organizations subscribe.

The main goal of the RE industry is to reduce the emission of CO₂, the achievement of which necessitates measuring and monitoring CO₂ production, measuring and assessing consumption of CO₂, and developing new and sustainable sources of energy. These principles were appropriated by REScoop.eu and promoted across initiatives such as REScoop 20-20-20. In addition, the RE industry raises awareness of strategies to reduce CO₂ consumption through providing information to stakeholders. The federation appropriated this and extended guidance in its Charter of Principles. In addition REScoop.eu worked collaboratively with environmental NGOs e.g., Greenpeace, and national consumer associations to promote energy-efficient and energy-reducing corporate and individual behavior.

The consistent management of RE technologies and effective contribution to reducing CO₂ emissions is fundamental to the verification of organizational claims and the accountability to stakeholders. On that account, REScoop.eu promotes technical expertise and accountability through their Charter of Principles as well as through the networks of Mentors through which emerging initiatives can find information and support from established cooperatives.

Proposing the social enterprise hybrid model is therefore another of the legitimacy-building activities as the federation sought to position REScoops as a viable alternative organizational model that could respond to the critiques to the dominant RE policy logic and corporate actors. The REScoop.eu federation appropriated the logics of cooperative organizations and the RE industry into a social enterprise hybrid organizational form. However the combination of cooperative and RE logics in the hybrid model goes beyond simply combining them by reinterpreting and enhancing the principles to strengthen community-orientation and investment in solutions to a post-oil economy. This was achieved in three ways. First, by linking the traditions of cooperatives with the future-

oriented RE industry the federation proposed a novel hybrid that captured the paradoxical qualities of a stable and experienced organizational form and a modern forward-looking industry. The establishment of the REScoop.eu federation was also an opportunity to show evidence of a resurgence of interest in cooperatives - the cooperative renewal heralded by the United Nations Year on Cooperatives (2012) - from which other cooperative networks benefited. Second, by promoting community-ownership the federation aims to disperse the distribution of power generation away from the dominant large and centralized power plants to include small-scale local production. In doing so, the federation expected REScoops to contribute to stabilizing the grid system of power distribution, meet local demand and reduce the need for the construction of wide and capital-intensive transmission systems. Finally, the federation encourages members to consider energy production in the context of holistic and systemic sustainability. Thus members are supported to explore the wider environmental implications relating to how energy demands could be met in the long-term prospect of a post-oil future.

3.c. Advocating advantages of hybrid organizations

To disseminate information about the social enterprise hybrid for locally-owned RE generation the REScoop.eu federation advocated REScoops as superior to other ownership models and better able to solve societal problems related to current and future access to energy. We suggest that, in advocating these qualities, the federation aims to build both pragmatic and normative legitimacy for the REScoop model.

First, in terms of pragmatic legitimacy, the federation connected the hybrid nature of the REScoop model with a number of assets providing solutions to a range of long-standing consumer, community and societal problems. *“It’s ideally placed to address these energy challenges, reducing emissions, improving energy security, local competition against the big [corporations], addressing fuel poverty particularly through things like energy efficiency.”* (Informant from UK REScoop)

To local citizens and communities, the federation emphasized that, with REScoops, ownership is held by the community in which energy is produced, as a contrast with the corporate model in

which citizens are excluded from decision-making and economic benefits. “[REScoops] can further concentrate the economic benefits of wind development in the local community, as local investors harvest the profits from power sales.” (Report quoted in federation’s application to EU funding). The federation gathered data on job creation and local investments to document the pragmatic benefits of the model.

The federation advocated how REScoops could solve issues of access to energy for communities located far from national grids, without access to natural energy sources, and lacking the capital to capture and distribute energy. The quality of the green energy and the transparent price were also advocated as better aligned with consumer expectations. To document these claims, the federation mobilized the support of environmental NGOs (such as Greenpeace) and consumer associations.

To public authorities and the environmental movement, the federation also emphasized the ability of REScoops to overcome community resistance to wind farms. Community resistance to wind farms is well documented and is a major barrier to investments in RE production. Strategies to overcome community resistance tend to be lengthy, resource intensive and uncertain in outcome. In several documents, such as the “Best practice report”, the federation attempts to document cases in which the community-ownership model had strongly reduced community resistance. “[L]ocal acceptance is far greater when the wind farm is not just a project of out-of-town investors, but is locally owned. After all, active participation – from investments to input during planning and project management – leads people to identify with the wind farm project from the outset. (Report quoted in federation’s “Best practice report”)

Beyond pragmatic benefits, the federation emphasized the perceived normative superiority of the model. Informants commented that wind, water and solar energy resources were common resources that should be freely available. “This is a public, natural resource [...]. It is like oil that is blowing above our heads.” (REScoop Founder Belgium) The statutes of the federation build on the open access property regime of natural resources and seek to ensure that the new property ownership regime of the REScoop model is designed to ensure that all benefit from these naturally available energy sources.

The discourses also described how local democracy is strengthened by active community participation in formal consultations and management of the REScoop. “[REScoops] democratize local energy supply. [T]hey bring together local people’s ecological and economic interests, increasing the acceptance of [RE] in communities. [REScoops] turn citizens into entrepreneurs with “green” goals. [...] [REScoops] represent a democratic alternative to conventional power supply. Every citizen has input whenever decisions are made.” (Report quoted in federation’s policy paper)

Finally, the federation anchored the normative superiority of the REScoop model within the broader movement towards an energy transition. “We need a global transition from a production-driven system owned by international power giants using [...] fossil or nuclear power, to a human economy with local actors that do not seek to maximize profits and engage consumers as responsible citizens.” (Federation’s policy paper).

Therefore, advocating the advantages of hybrid organizations is a third legitimacy-building activity relying on pragmatic and normative arguments in order to convince different types of audiences (consumers, public authorities, investors, civil society actors, etc.).

3.d. Communication of new practices of hybrid organizations

The final set of legitimacy-building activities of the federation concerns sharing the new practices of the social enterprise hybrid model with stakeholders. Our interviewees described a wide range of activities that they had used to spread knowledge about the REScoop hybrid model: open access communications directed to a general audience and available through the federation website and disseminated in freely available publications; relational communications targeted at individuals and smaller groups, which involve personal interaction and exchange; and networking activities that seek to bring people together in open forums to share and learn from each other and create an active social movement.

The federation website is a repository of information about the origins and development of REScoops and provides resources for cooperatives who have adopted the model and for community

groups seeking to explore the model. Included in the website is information about “Best Practices” identified among REScoops that are labelled “Success Stories” in relation to achieving specific goals (e.g. economic success, strong environmental impact, lobbying capacity or community engagement), or achieving multiple goals of the social enterprise hybrid. The case studies are useful information sources for members to learn about how other members have managed the problems they currently face. “So [...] when I get stuck with a problem, I turn back to REScoopBI and ask myself: ‘How did they solve this four years ago?’. [...] and when I compare our evolution curves, well, they’re quite similar, so I tell [the other coop members] ‘you see, we’re going in the right direction, we can handle all these things together, and this [REScoopBI situation] is how we’re going to look like in four years’ time.” (REScoop Board Member, Netherlands)

The federation also established a mentoring system through which founders of successful REScoops are partnered with newer members to provide coaching and support to help them establish their own project. The mentors were reported to be especially valuable in helping newer members to learn how to balance the achievement of multiple goals concerning economic efficiency, technical prowess, community engagement and political influence. “The network is made of professionals who can explain to citizens and to communities the different dimensions of REScoop initiatives and present concrete cases where it works well” (REScoop Founder, Belgium).

Finally, the federation arranged training workshops at which small groups of members can learn about REScoop processes and practices. The workshops addressed practical issues such as raising citizen and stakeholder interest in the community, accessing finance, organising group governance, overcoming legal barriers, etc. These workshops enabled to start or consolidate local dynamics and raise media attention.

4. Discussion and conclusion

The purpose of our study was to explore how networks help social enterprise hybrid organizations acquire legitimacy. To do this we examined a federation that was established with the objective of promoting a new social enterprise hybrid organizational model designed to assist communities in

creating RE cooperatives. Our analysis identified that the federation produced four legitimacy-building discourses: critiquing, proposing, advocating and communicating. These four discourses were produced and communicated simultaneously, although they were often presented as a sequence in terms of argumentation.

On the one side, the REScoop.eu federation critiqued the current policy logics for RE and the logic of current energy suppliers. In the case of the hybrid organizations observed here, delegitimizing naturally preceded reframing the field to accommodate small-scale, cooperatively owned RE suppliers. The focus on profit maximization and the limited, if any, attention given to communities by extant dominant actors served to highlight the potential benefits of hybrid organizations committed to supporting both community development and investment in RE. In doing so, the federation was instrumental in alerting stakeholders regarding the effects of corporate domination in at least two ways: by fostering their ability to analyze the extant arrangements and the possible alternatives, and by exposing the contradictions between the stakeholders' potential goals and the extant institutional arrangements. This was particularly clear in the efforts of the federation to highlight the contradiction between corporate appropriation of common goods and the collective (re)appropriation of common goods by communities.

On another side, to overcome the shortcomings in the field, the federation invested in proposing a new social enterprise hybrid that could overcome the weaknesses they identified. In creating a novel hybrid to appeal to stakeholders the federation managed two contrasting forces, namely differentiation from and alignment with other forms. First, to present the model as radically new risked alienating risk-averse stakeholders likely to be concerned, in that the new model does not fit into existing categories of organizations. Then, however, too close alignment with existing models risked reducing stakeholder interest in investing resources in supporting alternative and innovative forms to deal with the challenges of sustainable development. This paradox was managed by appropriating the logics of cooperatives and RE and combining them in a new hybrid model of RE cooperatives.

Parallel with designing the social enterprise hybrid model the federation sought to promote the viability of REScoops by advocating their distinctiveness in terms of socially and economically empowering communities and strengthening local democracy. These qualities are distinct from the

logic of dominant actors (shareholder-owned corporations) to maximize profit for shareholders. The federation also advocated the ethical superiority of REScoops in relation to protecting the common good for public benefit and adopting a longer term sustainability agenda than typical of corporations. At the same time as advocating their optimal distinctiveness and ethical superiority, the federation advocated the problem-solving capabilities of REScoops in terms of providing access to green energy and lower costs energy when compared to corporations, their capacity to work with communities to ensure that resistance to wind farms was understood and accommodated in REScoops, as well as their commitment to addressing the longer terms energy demands from society when finites energy sources are used up or too expensive to capture.

Complementarily, the federation invested in providing a forum for information about REScoops and shared it with stakeholders via open access to information, relational learning and networking events. As well as providing information to members and potential members, the website is accessible to the public and its presence is an additional legitimacy-building activity. The provision of REScoop templates and toolkits for new members enabled emerging REScoops (the majority of the federation members) to situate and complete their own story more easily through the case studies of successful REScoops. The range of case studies however ensured that country specific contexts and innovative methods could be shared with members.

Of course, the discourses and claims of the federation were heavily oriented towards proving the adequacy and superiority of the REScoop model and should thus not be taken for granted. In this process, the benefits of the model as well as the critiques to corporations and public authorities were probably overstated. These discourses fed the own arguments of environmental NGOs and cooperative networks that were already convinced by the federation's diagnosis of the field's shortcomings and the proposed superiority of the REScoop model. For the environmental movement, REScoops are an opportunity to go beyond advocacy through concretely supporting businesses geared towards environmental aims. For the cooperative movement, REScoops are an opportunity to engage in the RE field and more broadly with environmental issues, i.e. to show that cooperatives can act beyond the sole interests of their members to pursue general interest aims. The federation's discourses also had certain resonance for consumer associations and local communities, although the enthusiasm is not generalized. Public authorities responded more ambiguously,

encouraging community involvement in general but generally refusing to take concrete support measures (except for countries such as Germany and Belgium). At the European level, the discourses of the EU Commission clearly evolved during the research timespan towards recognizing and encouraging REScoops, but this was not (yet?) reflected in concrete measures and rules. Finally, large corporations were obviously less receptive to the utility of REScoops and the arguments of the federation. However some collaborations were observed, for example when large RE businesses worked with local REScoops to help gain the support of the community by including the latter into the RE projects.

Nonetheless, across several stakeholder responses there is empirical evidence that the federation has contributed to building legitimacy for REScoops as hybrid organizations. First, regulative legitimacy has been built through influencing political action for legislation in favor of RE cooperatives. Favorable legislation has been passed for example in Germany (“Energiewende”) and in Wallonia (Belgium) but it is much more difficult in other countries (e.g. Spain) and can be reverted at any time (e.g. Denmark). Nevertheless, together with others, REScoop.eu has already managed to advance the issue of community-based RE on the EU agenda. Second, cognitive legitimacy has been built through raising awareness of different types of RE suppliers. Awareness has been raised in communities as future suppliers and at policy level to ensure that hybrids are included in RE consultations. Finally, normative legitimacy has been built through the growing adoption and diffusion of the REScoop model across Europe, as described in the case description.

However, the progresses are still fragile and, while the efforts of the federation have obviously advanced the legitimation of the model, there is still a long way to go to irreversibly establish REScoops as a legitimate actor in the field and garner active support from relevant stakeholders. Future research should thus assess to what extent different legitimation attempts are successful in garnering legitimacy from different stakeholders and in different contexts. Indeed, while the federation advocates for the REScoop model at the European level, such advocacy may have different impacts in the various countries and future research could highlight the factors that favor or hinder the legitimation of REScoops – and hybrids in general – at the local level. Finally, this is only a first attempt to theorize legitimacy-building for hybrid organizations. Future studies could examine other types of hybrids and the role of other actors (such as supporting structures that are

not inter-organizational networks) in building their legitimacy. Despite its limitations, we expect that our empirical analysis can contribute to the understanding of legitimacy challenges facing hybrid organizations, more particularly those that simultaneously deal with economic, environmental and social goals (Battilana & Lee 2014; Billis 2010; Doherty *et al.* 2014).

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