

DISCURSIVE LEGITIMATION OF HYBRID ORGANIZATIONS: A STUDY OF A SOCIAL ENTERPRISE IN INDIA

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Abstract

Increasing pluralism in institutional environments has led to emergence of organizations consisting of multiple institutional logics, that is, organizations that cater to multiple regulative, normative, or cultural orders. Such organizations are referred to as hybrid organizations and the constituting logics are essential to their functioning. Hybrid organizations, with their ability to combine multiple logics, are considered as a source of innovation. In many developing countries hybrids combining social and commercial logics are working towards solving development issues left unaddressed by other traditional welfare providers. Despite these benefits, the survival of these organizations has been a cause for concern. These organizations face ambiguities with respect to their mission, strategy, and work practices, leading to legitimacy issues. Stakeholders find it difficult to make sense of such organizations and hence conferring of legitimacy has been an issue, which in turn leads to survival concerns. Within this background, the present dissertation addresses the specific research question - *how are hybrid organizations conferred legitimacy by their stakeholders?* In order to examine this research question, I borrowed from institutional theory and discursive approach. Legitimacy is considered one of the most critical concepts within institutional theory as it represents the regulative, normative, and cognitive alignment of an entity with a particular institution. A discursive perspective, on the other hand, is considered apt for the present dissertation as it helps reveal all three dimensions – pragmatic, moral, and x cognitive – of legitimacy. Further, a discursive perspective helped to examine processes and practices involved in legitimation of an entity. I employed a qualitative case study to address the research question. A case study is particularly suited for ‘how’ and ‘why’ type research questions; thus being relevant for the present study. I examined stakeholder discourse with respect to *Goonj*, a social enterprise in India. *Goonj* is a hybrid organization formed by combination of logics drawn from institutions related to charity, community development, and commercial viability. It addresses the issue of clothing for the poor in India. I collected primary data, in the form of interviews, from multiple stakeholders of *Goonj* and secondary data from multiple sources like newspapers, magazines, and journals among others. Four different themes of stakeholder legitimation emerged from the present study – de legitimation of existing systems, legitimation of individual logics, legitimation of commonalities, and legitimation of coupled logics. Further, of these four themes, some were more prominent in the earlier phases of the organizational evolution while others gained prominence towards the latter stages. In addition, these four themes of legitimation were composed of discursive strategies of legitimation like rationalization, moralization, authorization, narrativization, categorization, and use of analogies and metaphors. I contribute to research on hybrid organizations by providing a stakeholder perspective to their legitimation; examining legitimation by both internal and external stakeholders. Thus, I take into account suggestions by scholars to examine legitimacy as a stakeholder driven process (by Pollack, Rutherford, & Nagy, 2012; Rueede & Kreutzer, 2015). I also identify four important themes of legitimation employed by the stakeholders. Further, I provide an evaluation based perspective to legitimation by examining discursive evaluations by stakeholders; thus taking into account recent suggestions by scholars (Bitektine, 2011; Bitektine & Haack, 2015). Lastly, I also provide a language based approach to legitimation of hybrid organizations by identifying various themes of legitimation and the discursive strategies that constitute them.