New Social Enterprises and Organisational Legitimacy Challenges

An explanatory case study of the 2017 JU Solar Team. Why are there organisational legitimacy challenges for new social enterprises and how the JU Solar Team overcame them.
Bachelor Thesis in Business Administration

Title: New Social Enterprises and Organisational Legitimacy Challenges

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Abstract

Social enterprises is a relatively new way of operating a business that is becoming increasingly popular in our modern society and new social enterprises face a wide array of challenges in their start-up phase. A very common type of challenge that many new social enterprises face are organisational legitimacy challenges when forming collaborations. Due to social entrepreneurship being a relatively new field, research of the legitimacy aspect regarding new social enterprises is lacking. This thesis aims to fill this research gap by explaining why new social enterprise face organisational legitimacy challenges and how they overcome them.

The researchers utilized an inductive approach to develop the theory with an explanatory purpose for the research. Single case study of the JU Solar Team was the research strategy chosen to explain the theory and empirical data. The JU Solar Team is a social enterprise that already has overcome their legitimacy challenges when forming collaborations making it a unique and attractive case to study that is difficult to replicate in a multiple case study. The data was gathered through email interviews with members from the JU Solar Team and their collaborators as well as a face-to-face interview with Joakim Brobäck from JU Solar Team’s closest collaborator the Jönköping University School of Engineering.

The authors of this thesis concluded that the JU Solar Team Faced organisational legitimacy challenges mostly due to inexperience which resulted in them not being able to efficiently mobilise their limited resources and build networks. The JU Solar Team managed to overcome their legitimacy challenges mainly by diversifying their skillset leading to the team having the human capital needed to communicate the social value and deliver the pragmatic value that the collaborators sought to form collaborations with the JU Solar Team.
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1. Introduction

The purpose of this introduction is to investigate new social enterprises and organisational legitimacy. It will address organisational legitimacy challenges social entrepreneurs and commercial enterprises encounter. Furthermore, there will be an overview of the 2017 JU Solar Team that will provide as the case study to investigate the collaborations between social enterprise and commercial enterprise to overcome legitimacy challenges.

1.1 Background

In the background, there shall be an overview of the characteristics of social entrepreneurship and a brief introduction of what constitutes legitimacy. Social entrepreneurship has become a unique field of business management because it is about addressing social need using entrepreneurial methods and principles. While government and NGO’s have used tools of public policy, the social entrepreneur uses the tools of business management to create social value rather than just personal or shareholder wealth (Renko, 2012). The creation of social value has defined the social entrepreneur as having a “prosocial” motivation (Batson, 1987; Grant 2007; Renko, 2013). Mair & Marti (2006) has expanded the definition of social entrepreneurship as a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs. Using this definition, the social emphasis has addressed new needs and opportunities in the realm of entrepreneurship especially in instances where there are institutional voids (Desa, 2011). The opportunities of the social entrepreneur are focusing on serving these basic long, standing needs more effectively through innovative approaches (Austin, Stevenson, Wei-Skillern, 2006). However, the social entrepreneur faces challenges of mobilizing resources when there is a lack of institutional support (Bruton, Ahlstrom, Li, 2010). The social entrepreneur can use bricolage, making do by applying combinations of resources already at hand to new problems and opportunities (Desa, 2011). However, for the new social entrepreneur, the ability to use bricolage is limited because of several reasons; such as the level of entrepreneurial skill needed to accomplish bricolage can be very advanced for a new social entrepreneur. There is also the fact that the social problem
may be very innovative-focused that developing new technologies is necessary using institutions to solve the problem, with JU Solar Team being a case study example where support from these institutions is needed for addressing solar energy applications. The process of bricolage and acquiring institutional support presents a legitimacy challenge for new social entrepreneurs. Thirdly, institutional support and cross-sector collaborations can help provide legitimacy support for the social enterprise itself if the social entrepreneur is able to overcome these challenges. (Huybrechts, Nicholls, 2013) The new social entrepreneur also needs to address challenges in resource mobilization, investment, stakeholder support, public sector coordination, and leadership to acquire organisational legitimacy (Renko, 2012).

Institutional theory is traditionally concerned with how various groups and organisations better secure their positions and legitimacy by conforming to the rules and norms of the institutional environment (Meyer & Rowan, 1991; Scott, 2007; Bruton, Ahlstrom & Li, 2010) The institutionally prescribed structures described by Meyer & Rowan provides the guideline for the new social entrepreneur and their relationship with business partners. The institutional environment and its legitimacy context will be expounded to illustrate the challenges faced by the new social entrepreneur and its partnered firms. The lens of legitimacy can be used to understand the emergence and development of cross-sector collaborations (Huybrechts & Nicholls, 2013) to mobilise resources (Desa, 2011; Austin et al.; 2006) and work towards capacity building (Mair & Mart, 2006; Ateljevic, 2011).

Bruton, Ahlstrom, and Li (2010) defines legitimacy as the right to exist in and perform an activity in a certain way. Since the certain way of new social entrepreneurs have the dual goals of providing mission-related social outcomes as well as market-based outcomes (Austin, Stevenson, & Wei-Skillern, 2006), conflicts arise of which goals legitimizes the venture since it will have implications for business relationships, public perceptions, corporate identity, and other areas that can lead to additional research. Suchman (1995) broadens it as 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. Within this framework, Suchman establishes three classifications of organizational legitimacy: pragmatic legitimacy,
cognitive legitimacy, and moral legitimacy. Organisational legitimacy classifications provide the legitimacy base for social value creation of the social entrepreneur and commercial enterprises. The classifications also provide perspectives on the types of challenges both social entrepreneurs and their collaborative partners’ encounter. Understanding these organisational legitimacy perspectives gains insight into the needs of cross-sector collaboration.

Pragmatic legitimacy is benefiting interested stakeholders or strategic manipulation of perceptions of their actions either through exchange or influence. It also includes legitimacy regarded as dispositional which includes the perceived positive character of the organisation.

Cognitive legitimacy involves either affirmative backing for an organization or mere acceptance of the organization as necessary or inevitable based on some taken-for-granted cultural account. It is the type of legitimacy that makes abstract ideas more comprehensible and more integrated through cultural acceptance. This type of legitimacy will be further examined with the JU Solar Team case study.

Thirdly, there is moral legitimacy which reflects a positive normative evaluation of the organization and its activities meaning there are conscious moral evaluations of the output or procedures of an organization. With research stating companies’ CSR activities have proven to have a positive impact on consumers’ behaviour (Sen & Bhattacharya, 2001) as well as consumers participating in boycotts and ‘positive’ buying of goods based on ethical, political and community considerations (Friedman, 1996) This kind of legitimacy provides a common issue that affects both the established firm and the new social entrepreneur, and it can be established through positive consequences for society. It can also be established embracing socially accepted techniques or procedures as shown by JU Solar Team utilizing sustainable technology. Lastly, organisations can form institutionally prescribed structures conveying the message that an organization "is acting on collectively valued purposes in a proper and adequate manner" (Meyer & Rowan, 1990).
1.2 Research Problem

In this section, the overview given in the background gets narrowed down to the challenges of the new social entrepreneur as it builds organisational legitimacy. New social enterprise can be described as a conflict between financial and social gains. For example, investment opportunities are limited since the business models of social entrepreneurs do not promise immediate profit. It may take time to scale before it gained any profit because of its focus on social benefit (Renko, 2012). There is also the matter of getting all the relevant stakeholders compelled in affecting a prosocial mission. This can be called a pragmatic legitimacy conflict due to certain relevant stakeholders not finding benefit and/or not persuaded by the evidence of moral legitimacy. Other challenges for the social entrepreneur include emotional biases that accompany social causes that can hinder the process of making objective management decisions. This leadership dilemma is where the normative legitimacy, how the world ought to be, comes in conflict with regulative legitimacy, which are rules, regulations, and guidelines on the managing and operation of institutions (Desa, 2013) due to the duality of social and financial criteria. New social entrepreneurs also encounter the difficulties of institutional embeddedness (Mair & Martí, 2006) because social entrepreneurship uses social change as its value proposition which may conflict with actors in different sectors. Embeddedness can also be an opportunity because it can institutionalise procedures and guidelines for the social entrepreneur.

However, the new social entrepreneur does offer beneficial sources of legitimacy that other actors may not have. They can transform institutions and achieve normative legitimacy that resonates with the public other firms cannot achieve. There is research about the competitive advantages of new firms harnessing sustainability to differentiate from their competitors (Hutt & Speh, 2016; Moss, Lumpkin & Short, 2010). They also can reach across different sectors to collaborate and shape existing modes of thinking redefining our social norms and taken-for-granted behaviours (Huybrechts & Nicholls, 2016). This is referred to as cognitive legitimacy and can build sustained relational benefit. The differentiation value is found in the forms of legitimacy the social entrepreneur can provide. The social entrepreneur’s unique differentiation value and legitimacy are valuable which can be extended to established institutions through
partnerships. In return, the social entrepreneur can receive finance for investments in capital and resources to help mobilisation.

Furthermore, with CSR and sustainability issues impacting the operations and strategies of commercial organizations and firms. Commercial enterprises have had to reposition their own sources of legitimacy to the public (Holmstrom, Falkheimer & Nielsen, 2009). Huybrecht and Nicholls (2013) through interviews has stated that the size of firms can become a liability with an example of Fair Trade social enterprises who ideally wanted a corporate partner that would not be too large to avoid a potentially negative associational reputation as well as a too large power symmetry. Global firms may have the resources and regulative legitimacy on their side, but they may encounter normative legitimacy conflicts because of beliefs that organizations should be more compatible with local communities (Holmström et al., 2009).

Often, the problem is new social enterprises have a lack of operations to build credibility and therefore suffer from a lack legitimacy. At the same time, corporations need to overcome the perceptions of only self-interest and exhibit social legitimacy they are supporters of social benefit. To overcome legitimacy issues for both the social entrepreneur and the corporate enterprise, a collaboration can be established. This collaboration has the benefits to not only mobilize resources (Desa, 2011; Austin et al, 2006), capacity building (Mair & Martí, 2006; Ateljevic, 2011), but can firmly establish legitimacy that serves the broadest share of society thereby not only providing social gain but also financial gain in the form of market share and access. Since there is an opportunity for mutual benefit and social gain for cross-sector cooperation, the researchers want to study the dynamics of these social enterprise-corporate collaborations and the types of organisational legitimacy challenges they face.
1.3 Purpose

The purpose of this thesis is to investigate from the perspective of the social entrepreneur, to explain why are there organisational legitimacy challenges for new social enterprises and how new social enterprises can overcome these legitimacy challenges. Organisational legitimacy will be used as the main lens to investigate the collaboration between the social entrepreneur and the commercial enterprise. Collaborations will be examined in a case study investigating the relationships between the social enterprise, JU Solar Team, the companies who sponsor the team, and Jönköping University as the institution.

Using an explanatory purpose in this thesis aims at not only to tell a description of reality, telling how something is. It looks to further that purpose by asking why. In the case of the JU Solar Team, the new social enterprise was able to develop a large network of sponsor companies and overcame many of the organisational challenges new social entrepreneurs face. The research looks to explain the why there is a mutual opportunity in the social mission and how it is achieved through collaborative problem-solving. The pursuit of the why gives further understanding of these business relationships. Our findings from the case study of the 2017 JU Solar Team will help illustrate the how and the why and help guide future streams of research of social entrepreneurship.

1.4 Research Questions

1. Why are there legitimacy challenges for new social enterprises when forming collaborations?
2. How do new social enterprises overcome organisational legitimacy challenges?

1.5 Case Study

For many New Social Entrepreneurs, gaining a foothold as a legitimate enterprise can be the difference between becoming a successful new social enterprise or going out of business. In most cases, new social enterprises need capital to operate, and to obtain the capital they most often look to public institutions and/or private corporations to receive the capital needed to operate, leading to the emergence of social enterprise-corporate
partnerships (Di Domenico et al., 2009). In this research, one shall examine the case of the Jönköping University Solar Team as a case study of a new social enterprise. The authors will illustrate the challenges JU Solar Team faced overcoming legitimacy issues regarding private companies (sponsors) and the main institution that backed their organization, Jönköping University, Jönköping University- School of Engineering.

The Jönköping University Solar Team (JU Solar Team) is a collection of undergraduate students that design, build and race a solar-powered car in a global event called the Bridgestone World Solar Challenge that occurs every second year in Australia. The 3000 km journey challenges teams using only sustainable solar powered energy to build the most aerodynamic and efficient vehicle possible using resources they must acquire. As the race takes place in Australia and the JU Solar Team is based out of Southern Sweden, significant technology, resources, and capital is needed to not only build the vehicle but to ship the car and the team to Australia for weeks throughout the length of the competition. This need for resources arises the challenge for the JU Solar Team as the new social enterprise to search out for the new technology as well as a venture out and make partnerships with companies around the world.

As the JU Solar Team’s mission is to build a sustainable car to demonstrate the capability of new technology, this mission gives opportunities and incentives for private companies to demonstrate their commitment to sustainable endeavours and at the same time, highlight new technology they possess in an attractive application. However, as a new social enterprise, private companies and institutions must evaluate the risk and return of investing as such a project. Investing in non-profit social enterprises managed by University students can lead to well-founded concerns of how legitimate the organization is. Many projects in the past that have attempted to compete in the Bridgestone World Solar Challenge have failed to finish or have run out of capital before even making to the starting line, highlighting the risk that the investment companies take may be for little to no return. Therefore, this risk highlights the challenge that the stakeholders of the JU Solar Team must overcome.

In the past, the JU Solar Team has competed two times in the Bridgestone World Solar Challenge. The first time in 2013, their race vehicle “Magic” crashed while racing,
preventing the team from finishing. In 2015, “Solbritt” was able to finish the competition in 15th place of 30 vehicles, improving upon their placement but still with room for improvement.

To be more competitive for 2017, the team needed more resources, technology, and capital. This led to the formulation of two sub-teams. In the past, there had only been engineering students involved in not only designing and building the solar car but acquiring sponsors, marketing, logistics and all areas of the enterprise. With students working out of their areas of expertise and heavily burdened, there was limited time to demonstrate to companies what the mission of the project and what kind of returns they could expect from their investments which in turn left an underfunded and overworked new social enterprise. With the 2017 team, students from the Business, Communications, and Graphic Design schools were brought on as a separate “Management Team” to build a new social enterprise that displayed a more legitimate organization. This move led to great success in dramatically increasing funding from not only private companies, but the institution (Jönköping University) directly involved. As the JU Solar Team could demonstrate itself in a new light, the engineers had access to much better tools, resources, and equipment. This cascading effect of companies who viewed the JU Solar Team as a safer investment and in turn, the team was able to place 8th of 29 vehicles for the 2017 Bridgestone World Solar Challenge.

As a new social enterprise, the JU Solar Team faces many challenges that are common with new social enterprises. Therefore, the JU Solar Team has been chosen as the main case study for this thesis. The 2017 JU Solar Team case study provides some good generalisations of cross-sector collaboration and is instrumental in how institutions facilitate these collaborations. This case of cross-sector collaboration can help to explain the nature of organisational legitimacy and understand how the JU Solar Team attempted to overcome these issues.

1.6 Delimitations

The research will be centred on new social ventures and the legitimacy of its collaborations with established firms. There are streams of research (Dart, 2004; Short, Moss & Lumpkin, 2009) about how the public sector and NGO’s pursue social
entrepreneurship objectives and methods. The study will only focus on the new social entrepreneur and private sector relationships. Also, while there are many already established and existing social enterprises, they do not face the same type organizational legitimacy issues that new social enterprises face, therefore this research will only focus on new social enterprises.
2.0 Frame of Reference

The purpose of this chapter is to provide the theoretical background and the definitions of new social enterprises and organisational legitimacy. This chapter will also consider existing research on cross-sector collaboration and building of social capacity.

2.1 Social Enterprises

2.1.1 Definition of Social Enterprises

The term social entrepreneurship does not have one single universally agreed upon definition but the characteristics that are most common across all the different definitions for social entrepreneurship are that the activity is innovative and that it seeks to create social value rather than maximising personal and shareholder wealth. (Austin, et al., 2006). In this thesis, we will use Mair and Martí’s (2006) definition of social entrepreneurship:

“a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs.”

The social entrepreneur is defined as the founder/founders of this type of social entrepreneurial activity. Social enterprise is defined as “the tangible outcome of social entrepreneurship”. (Mair & Martí, 2006). Finally, new social enterprise is defined as a social enterprise in the process of obtaining their first customers, clients, or collaborations and that their long-term survival is not yet guaranteed.

2.1.2 Characteristics of Social Enterprises

To better understand what makes social enterprises “social” it helps to differentiate this form of entrepreneurship from conventional commercial enterprises, which has been studied to a far greater extent (Austin et al., 2006). This can be done by comparing the two and finding the characteristics that make social enterprises both similar and unique to commercial enterprises.
Social enterprises face the same type of economic reality that commercial enterprises do where financial capital is needed for a venture to succeed. (Austin et al., 2006). Other resources besides financial like human and social capital are also very important when talking about what makes both social and commercial enterprises survive. (Austin et al, 2006; Desa 2012) However, the process of acquiring resources to operate might be quite different from the commercial sector since social enterprises operate with their primary purpose being to create a common good for the community or region. Acquiring these resources can be done through for example inter-organisational collaborations according to Huybrechts & Nicholls (2013).

This difference in purpose gives social enterprises the ability to seek opportunities created by serving basic, long-standing needs opposed to the traditional commercial entrepreneurship approach which tends to focus on breakthroughs and new needs according to Austin, Stevenson & Wei-Skillern (2006). It also means that social enterprises often are non-profit, but if a for-profit model creates more social value it will be preferable for the social entrepreneur.

Even though the concepts of commercial and social entrepreneurship are very different in their fundamental goals it is impossible to either have a business venture that is purely commercial or social in nature. Even though an organisation is wholly committed to maximising profit they will inevitably create some social good. The same is true for an organisation entirely dedicated to creating social value since it is impossible to run an organisation without facing financial obligations means Austin et al. (2006).

2.1.3 Stakeholder Theory

According to (Law, 2014), Stakeholder Theory an approach to business that incorporates all the interests of stakeholders in a business. It widens the view that a firm is responsible only to its owners; instead, it includes other interested groups, such as its employees, customers, suppliers, and the wider community, which could be affected by environmental issues. As the case of the JU Solar Team and the legitimacy issues the new social enterprise faces involves multiple groups of stakeholders, we chose to interview the three main groups of stakeholders. We interviewed team members, sponsors, and the school of Jönköping University.
2.1.4 Stakeholders within New Social Enterprises

With the term “stakeholder” being defined as “Any group or individual who can affect or is affected by the achievement of the firm’s objectives” by Freeman (2010) we can safely say that the number of stakeholders will vary from firm to firm. Two of the more important stakeholders for social enterprises are their collaborators and the group who the social enterprise aims to do social good for. Building organisational legitimacy between new social enterprises and their stakeholders is an important challenge to overcome if they are going to succeed in breaking out of their nascent state. (Renko, 2012)

2.1.5 Challenges of New Social Enterprises

Renko (2012) building upon previous studies (Reynolds, 2007; Vesper, 1983) states that the start-up process for new social enterprises is extremely unstable. About two-thirds of new social enterprises show this never making it out of the start-up stage. There are many different challenging aspects that make the start-up phase so difficult for new social entrepreneurs.

First, Renko (2012) makes the point that the business of commercial enterprises often benefits an easily identified group of individuals. This is not something that many social enterprises can claim since the benefits of such an enterprise often aid a much larger amount and complicated make-up of stakeholders. These benefits are also generally more difficult for the stakeholder to identify. It is important for stakeholders to able to identify this benefit if they are going invest either financial or other resources. For stakeholders to invest in new social enterprises they need to resonate with the social enterprises social objective and believe that the enterprise can reach it. This situation makes it difficult for new social enterprises to find early investors due to the investors having difficulties in deducting exactly what value they are getting. (Murphy & Coombes, 2009)

Difficulty to predict financial outcomes adds to all this uncertainty regarding both what kind of value the stakeholders are getting and if the social enterprise is going to even be able to reach their goal. It is particularly tough to predict financial outcomes for new entrepreneurial enterprises since resources are being utilized in ways they never have
before (Kirstruck, Webb, Sutter & Ireland 2011). Adding to this, new social entrepreneurs also have difficulties in effectively mobilising resources within new social enterprises. These difficulties often arise due to the inexperience of making the most of the limited resources that are available for new social enterprises (Desa, 2013).

Networking provides the social capital strength of the social entrepreneur (Austin et. al, 2006). The challenge is the accumulation of networks and relationships that comprise social capital. Networking is challenging even for new commercial enterprises, let alone a new social enterprise who must appeal to their network in both a financial and social way. When enterprises build networks, it enables them to become more dynamic and capitalize on opportunities that otherwise may not be possible (Perle, 2015).

Deep emotional connection to the social objective by the social entrepreneur is another potential challenge for new social enterprises according to Renko (2012). The main reason for this is that the social entrepreneurs own personal biases might hinder objectively beneficial decisions for the growth of the organisation from being made. Even perception by stakeholders that biases exist can possibly hurt the new social enterprise from growing even more. (Murphy & Coombes, 2009)

Many of the challenges and opportunities new social enterprises face stem from organisational legitimacy. When a new social enterprise demonstrates organisational legitimacy, they communicate social value. Social value can attract commercial enterprises to create cross-sector collaborations, which is necessary when seeking knowledge intensive resources needed to become a successful social enterprise. By understanding how organisational legitimacy works and how to gain it, it is possible for new social enterprises to overcome the challenges and to succeed in their social objectives, Renko (2012.)
2.2 Institutions and Institutional Theory

The purpose of discussing institutions and institutional theory is to understand how institutions can play a role in overcoming organisational legitimacy challenges. According to Meyer & Rowan, 1991; Scott, (2007), institutional theory is traditionally concerned with how various groups and organizations better secure their positions and legitimacy by conforming to the rules and norms of the institutional environment. Using the lens of organisational legitimacy, the role of the institution in the collaboration between the new social enterprise and the commercial enterprise expands access to resources and capabilities of development. Desa (2011) presents institutions as resource gatekeeper. For the study of this case, Jönköping University is defined as the main institution and serves as a bedrock of influence legitimacy for the JU Solar Team and a network of commercial enterprises to tap into. Institutional theory is thus concerned with regulatory, social, and cultural influences that promote survival and legitimacy of an organization rather than focusing solely on efficiency-seeking behaviour (Roy, 1997). For Jönköping University, the JU Solar Team is an expensive investment and could not be considered as an efficiency-seeking behaviour, but promoting the legitimacy of the school and social influences it carries as a beneficiary of the Jönköping region on a global stage. The JU Solar Team adds normative legitimacy to Jönköping University to their established bases of pragmatic and cognitive legitimacy.

2.3 Organisational Legitimacy

2.3.1 What is Organisational Legitimacy?

Defining what makes an organisation legitimate is contentious because central to legitimacy is the concept of the social contract existing between organizations and members of society (Johnson and Holub 2003). That social contract is an abstract concept that has been explored in multiple fields of study, so it becomes difficult to define in business management. Nonetheless, there is research that has helped conceptualise it for the business organisation. Bruton, Ahlstrom, and Li (2010) defines legitimacy simply as the right to exist in and perform an activity in a certain way. This indicates that the organisation needs permission from members of society to perform actions. But then that leads to further questions, such as permission from whom and how? Surely, an organisation does not need every member of society to give it
permission to operate its business. That kind of prerequisite is unrealistic for any entrepreneur, let alone a social one.

Therefore, a more refined definition that includes relevant stakeholders and how it is shaped is provided. Legitimisation is the social acceptance and compliance with relevant institutions. Legitimacy is not given but is formed through conscious actions by organisations and individuals. (Karltorp, Guo, Sanden, 2017). This starts to frame the usefulness of the social entrepreneur in delivering legitimacy for society and its associations. Organisational legitimacy is still incomplete with this definition because it lacks a certain epistemological framing.

What constitutes conscious actions? What is the framework of socially accepted behaviour? Mark C. Suchman (1995) in his article Managing legitimacy: Strategic and Institutional Approaches define legitimacy as “the assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”.

This nuanced and broader definition understands the complexities of what constitutes a “socially accepted” action since human beings have different interpretations of what is socially accepted due to ethics, culture, legal, and other factors. It also addresses the societal constructs or schemata that form organisational legitimacy. With this definition, the social entrepreneur’s value proposition starts to take shape and will later be the foundation of its challenges and opportunities. Suchman than further details three types of organisational legitimacy called pragmatic, cognitive, and normative which will form the legitimacy structure and issues encountered by both the new social entrepreneur and commercial enterprises.
2.3.2 Three Types of Organisational legitimacy; Pragmatic, Cognitive and Normative

When using the perspective of a social entrepreneur, one must delineate the types of legitimacy that serve its strength of social capital and exposes their weaknesses in financial capital. When looking at the source of strength and differentiation value for the social entrepreneur, one should examine the normative or moral type of organisational legitimacy.

**Moral/Normative Legitimacy**

Moral legitimacy reflects a positive normative evaluation of the organization and its activities meaning there are conscious moral evaluations of the output or procedures of an organization. It is conscious not about whether a given activity has self-interest, but rather on judgments about whether the activity is "the right thing to do." Thereby, moral legitimacy reflects a prosocial logic that defines the mission of the social entrepreneur and separates them from the commercial entrepreneur. CSR research and sustainability research (Hutt & Speh, 2016; Short et. al, 2009 provides examples of how normative legitimacy is increasingly becoming more of a necessity in the strategy and operations of firms because of the competitive advantages of new firms harnessing sustainability to differentiate from their competitors as well as increasing customer expectations for enterprises to be more socially responsible. This can be supported by the research on companies’ CSR activities have proven to have a positive impact on consumers’ behaviour (Sen & Bhattacharya, 2001)

Suchman (1995) breaks down normative legitimacy into four different forms: Consequential, procedural, structural, and personal legitimacy. Consequential legitimacy is evaluations of outputs and consequences meaning organizations should be judged by what they accomplish when signalling their positive character or dispositions of the organisation. Procedural legitimacy is the evaluations of socially accepted techniques and procedures. It extends consequential legitimacy by stating that not only the ends should be morally positive but also the means as well.
Structural legitimacy is the evaluations of categories and structures. Scott (1977, 1992) described structures as indicators of an organization's socially constructed capacity to perform specific types of work. Meyer and Rowan (1991: 50) asserted that institutionally prescribed structures convey the message that an organization "is acting on collectively valued purposes in a proper and adequate manner." This form of legitimacy expands on the previous two forms because it addresses scale and collective involvement in the social mission. Fair Trade and ISO are institutional examples of structural legitimacy. This form of moral legitimacy will be further investigated with the 2017 JU Solar Team case study as it collaborates with the institutions of Jönköping University and its sponsored commercial enterprises in developing an engineering prototype of solar energy.

Personal legitimacy is the fourth and final form of normative legitimacy is evaluations of leaders and representatives. It rests on the charisma of individual organizational leaders to transform institutions or address institutional voids (Desa, 2011). This kind of legitimacy can be seen with Muhammad Yunus of Grameen Bank and Dr. Venkataswamy of Aravind Eye Hospital (Mair & Martí, 2006). While rarer and equally important, due to the collaborative nature of the JU Solar Team to combine resources, this form of moral legitimacy will not be addressed.

**Cognitive Legitimacy**

Cognitive legitimacy involves either affirmative backing for an organization or mere acceptance of the organization as necessary or inevitable based on some taken-for-granted cultural account. It is the type of legitimacy that makes abstract ideas more comprehensible and more integrated through cultural acceptance. This set of legitimacy dynamics is based on cognition rather than on interest or evaluation. How is legitimacy established through cognition? Suchman (1995) explains two variants: Legitimacy based on comprehensibility and based on taken-for-grantedness. Comprehensibility is about trying to provide coherence and understandable accounts when participants are struggling in the social world as a chaotic cognitive environment. Suchman explains the availability of cultural models helps try to explain the dynamics of cognitive environments. Organisations have problems with this as they scale into other markets.
and regions as noted by the case of a large dairy organisation handling legitimacy in their home country and their foreign market (Holmstrom, Falkheimer & Nielsen, 2009). To provide legitimacy, an account must mesh both with larger belief systems and with the experienced reality of the audience's daily life. To provide an example, Intel founder Robert Noyce overcame apprehensions of microchips when a guest was worried about losing his computer through a crack in the floor. Royce cleverly replied, “you will have 100 more sitting on your desk so it won’t matter if you lose one”, he then fully convinced the audience by likening the microprocessor to a paper clip to make that connection into daily life. (Suchman, 1995). Desa (2011) furthers this comprehensibility legitimacy by stating cognitive legitimacy can be achieved by appealing to decision making criteria of business stakeholders.

Taken-for-grantedness legitimacy is quite abstract but it is a very subtle and powerful form of legitimacy. Zucker (1983) identified this with cognitive “exteriority and objectivity” meaning with the removal of an aspect of social structure from the presumed control of the very actors who initially created it, so that "for things to be otherwise is literally unthinkable." It is about constructing something where alternatives become unthinkable because it is not how things are done (Suchman, 1995). An example would be the manners or ways of doing business, that can connect to comprehensibility legitimacy. Reinforcing the idea that this form of legitimacy is not about self-interest or evaluation but just cognition.

**Pragmatic Legitimacy**

Pragmatic legitimacy is benefiting interested stakeholders or strategic manipulation of perceptions of their actions either through exchange or influence. It is about appealing to the self-interest of an organisation’s immediate audience. Exchange legitimacy is support for an organisational policy based on that policy’s expected value to a specific set of constituents. Exchange legitimacy can entail the skill and competences of a social entrepreneur because it affects support from a specific set of constituents, such as commercial partners. While exchange legitimacy provides a practical form of legitimacy for organisations, it can have negative consequences when the exchange is purely self-serving without social gain. An example would be consumer backlashes such as consumers participating in boycotts and ‘positive’ buying of goods based on
ethical, political, and environmental considerations (Friedman, 1996). Exchange legitimacy without normative procedural legitimacy can also have negative consequences for the organisation because bribes and other short-term exchanges does not provide a sustainable, long-lasting form of legitimacy with an example from Eastern Europe and Central Asia (Akbar & Kisilowski, 2015), where exposure of bribes can be a tactic to solicit more bribes resulting in a tense and risky environment for organisations. One of the challenges faced by the JU Solar Team and its collaborators was the creation of a project that could balance the self-interest of specific constituents while at the same time creating social good.

Influence legitimacy is not about favourable exchanges but being responsive to larger interests. Such as when organizations integrate constituents into its policy-making structures or adopt constituents' standards of performance as its own. The formation of networks establishes this form of legitimacy which can be developed to progress normative and cognitive legitimacy. Influence legitimacy is a great benefit but can entail challenges. Integrating actors in policy-making can make relational strides but encounters challenges with the introduction of new actors, arenas, and how issues are framed which resulted in a loss of an acquisition by a major maritime shipping company (Bach & Blake, 2016). The challenges of influential legitimacy will be discussed further with the 2017 JU Solar Team case study as it works towards mobilising resources and building networks.

Dispositional legitimacy includes the perceived positive character of the organisation. It is an assessment of their interest and character. This form of legitimacy can be further legitimized when pursued with moral legitimacy.

2.4 Organisational Legitimacy Challenges

It is important to discuss organisational legitimacy challenges to explain from a theoretical standpoint defining these challenges. Now that we have identified the organisational legitimacy types, we shall discuss the challenges of overcoming them as a social enterprise. New social entrepreneurs, when embarking on their venture, have difficulties establishing themselves when gaining legitimacy. They must overcome liabilities of newness, which is gaining acceptance of the social mission and as practitioners themselves (Suchman, 1995). As with the case of JU Solar Team, they
must spend a substantial amount of time building a sector in solar energy engineering. The need to build a sustainable sector through networks and local institutions is referred to as capacity building. There needs to be institutions in place that reinforce the want for sustainable energy as well as developing the networks needed to address any institutional voids addressing structural legitimacy. To overcome the institutional voids, the social entrepreneurs must form collaborations with established institutions.

For the social entrepreneur, there are challenges in receiving financial capital and prosocial affectation because of the duality of pragmatic and moral legitimacy. Social entrepreneurship leadership can be either positive or negative because personal legitimacy within moral legitimacy can transform or address institutional voids. It can be a liability if the emotional biases of prosocial missions override objective management decisions. New social entrepreneurs also can encounter the difficulties of institutional embeddedness (Mair & Martí, 2006) because social entrepreneurship uses social change as its value proposition which may conflict with actors in different sectors. Embeddedness can also be an opportunity because it can institutionalise procedures and guidelines for the social entrepreneur resulting in challenges within cognitive and moral legitimacy. This is because the social entrepreneur must persuade institutions to conform to a set of ideals convincingly enough to certify and standardize these new ideas and models.

The challenges for the commercial enterprise have involved managing the cultural conflicts of stakeholders, especially as firms’ scale (Holmström et al, 2009). Huybrecht and Nicholls (2013) through interviews has stated that the size of firms can also become a liability with an example of Fair Trade social enterprises who ideally wanted a corporate partner that would not be too large to avoid a potentially negative associational reputation as well as a too large power symmetry. There are also issues of being more compatible with local communities, either by respecting their values or their workforce (Holmström et al, 2009). Furthermore, the liability of newness from a foreign country can have issue framing conflicts (Bach & Blake, 2016) which could be alleviated with the support of a local social entrepreneur. These cognitive legitimacy shortcomings can be addressed using a social capital network to address moral legitimacy and develop cognitive legitimacy in markets.
The need for social enterprise-corporate collaborations becomes apparent to address its organisation’s legitimacy gaps. The need for such collective mobilization becomes increasingly pronounced as the focus of legitimation moves from pragmatism to morality to cognition. In other words, Self-interest to evaluation to unconscious thinking.

2.5 Overcoming Organizational Legitimacy Challenges

When new social enterprises are tasked with overcoming organisational legitimacy challenges, theoretical research indicates several ways of accomplishing this task. In this section, the authors present a few methods of overcoming organisational legitimacy that is deemed most relevant towards the case of the JU Solar Team.

2.5.1 Cross-Sector Collaborations

Cross-sector collaborations pool together resources to overcome legitimacy challenges. What identifies cross-sector collaborations between social enterprises and their commercial counterparts are that they are different from both conventional business alliances and philanthropic partnerships. Instead, these collaborations are more akin to partnerships where business opportunities are pursued with both organisations through joint development of a product or service. Pursuing social good to some degree is also an important factor in defining this type collaboration between social and commercial enterprises (Huybrechts and Nicholls, 2013). According to Renko (2012), these sorts of cross-sector collaborations are important for new social enterprises both in the way that it serves as a catalyst for new social enterprises to acquire resources and as a way for the enterprise to build pragmatic and cognitive legitimacy.

2.5.2 Capacity Building

Capacity building is a process for all participants to overcome organisational legitimacy challenges. Capacity building relates to a range of activities by which individuals, groups, and organizations improve their capacity to achieve sustainable development, which is often associated with the empowerment and mobilization of local
Communities. (Ateljevic, 2011) Capacity building is used to explain how institutions are channels that can standardise sustainability to stakeholders and thus explains the importance of social capital for the social enterprise to overcome legitimacy challenges.

A concept within the realm of institutional entrepreneurship, it is based that capacity is improved through patterns of social action that produce, reproduce, and transform the institutions and networks that constitute it. Through repeated transactions, groups of organisational stakeholders develop common understandings and practices. They can work towards defining the field and these institutions can shape the ongoing patterns of interaction which produce the transformation (Bruton et al., 2010).

Capacity building can be classified as that process or stage of development that moves from moral to cognitive legitimacy. It progresses from persuading what ought to be towards institutionalising the change, so it becomes standardised and the culture accepts it as the way things are. This would create a sustainable long-lasting form of legitimacy that would reinforce the positioning of institutions involved as well as create social benefit. This mature stage would be a win-win for both the financial and social supporters.

2.5.3 Resource Mobilisation

Resource mobilisation helps group the capital acquired during the collaborations. When new social enterprises effectively use capital such as human, technological, and other resources, it aids in overcoming organisational legitimacy challenges. Resource mobilisation refers to the extent which actors can mobilise human and financial capital as well as complementary assets such as network infrastructure to ensure success in entrepreneurship. (Austin et al., 2006; Karltorp, Guo, and Sandén, 2017). This concept pertains to new social entrepreneurs because of their great ability to mobilize resources in the form of social capital. The new social enterprise gets resources moving by developing close relationships with their partners (Mair & Marti, 2006). New social enterprises have fewer financial institutions, fewer options for funding, and certain strategic rigidities due to the challenge of maintaining a focus on the social mission while generating a competitive return for investors (Austin et al., 2006). It becomes apparent, access to these resources is central to the success of a new social enterprise.
Institutions can provide access to these early resources (Bruton et al., 2010). New social enterprises that efficiently mobilize these resources can better overcome organisational legitimacy challenges. This is demonstrated by the collaboration of the Jönköping University as an institution and how they provided resources such as workspace, computers, and a line of credit to begin operations for the JU Solar Team.
3.0 Methodology and Method

The purpose of this chapter is to describe how the research was collected. Methods and methodology, including interview differentiation, strengths and weaknesses and decision process are discussed.

3.1 Methodology

As the focus of this essay is based on the case study of the JU Solar Team, the potential sample size is quite small. This could be considered a weakness from the research gathered as the primary data revolves around one case. Therefore, a qualitative analysis was chosen to gather more in-depth information. Qualitative research questions, need to articulate what a researcher wants to know about the intentions and perspectives of those involved in social interactions (Agee, 2009). The focus style of these questions is open-ended, intending to gather a broad range of answers to gather and interpret perspective of the different types of stakeholders around the JU Solar Team interviewed. From these broad answers, the authors can find keys and perspectives of stakeholders to see if either pattern emerge and to gain insight on key issues regarding the legitimacy of new social enterprises.

3.2 Method

3.2.1 Philosophical Assumptions

When conducting qualitative research, it is important to take in consideration of different philosophical assumptions that the authors bring into the research. In conducting qualitative research, it is important to examine the underlying knowledge where the knowledge is sourced as well as the personal biases of the researchers. Epistemological assumptions are based on subjective evidence and biases of views of the individual and their subjective experiences (Guba & Lincoln, 1988). Understanding this assumption, the qualitative research interviewed multiple JU Solar Team members as well as multiple companies. Also, one of the researchers of this paper was a manager of the JU Solar Team. Inevitably, opinions and viewpoint may come out subconsciously in the research process.
Researchers also must take into consideration the axiological philosophical assumptions as well. Axiological assumptions are value-based biases that researchers take into consideration and report their biases when conducting research (Lincoln, 2011.) Members of this research group are actively involved in sustainable advocacy and when writing research on a sustainability-based topic can influence the outcome of the research.

From the ontological perspective, there are multiple views on reality (Burrell, 1979.) In terms of the primary or secondary data, no research is set exactly in stone, with personal biases often influencing results. Therefore, garnering multiple perspectives when gathering primary data from the case study such as different team members and sponsor companies to understand the different views on reality.

3.2.2 Research Philosophy

The research philosophy behind research such as this is important to elaborate upon. This study takes an interpretivist research philosophy. According to Yin (2013), interpretivism is based on a relativist perspective, acknowledging multiple realities having multiple meanings, with findings that are observer dependent. Relativism believes the value of interpretations vary relative to their credibility and utility (Stake, 1995). The research into the case study took efforts to capture different perspectives of different participants. With the JU Solar Team case, our research asked different lines of inquiry for different groups of stakeholders in and around the JU Solar Team, recognizing their input and perspectives on the experience would be unique.

3.2.3 Qualitative Research

For the primary research collected in this thesis, qualitative research was the method used. Qualitative research is a form of exploratory research, that aims to find reasons, motivations, and opinions to dive deep into a problem and uncover trends (Agee, 2009.) With the case study of the JU Solar Team, qualitative research is the appropriate choice of research as our case involves a limited number of individuals and organizations.
involved. While quantitative research is superior to objectivity in certain cases, we found that it does not describe, analyse, nor provide recommendation of organisational legitimacy for the new social enterprise. Also, as the thesis is explanatory in nature, qualitative research, and single case study dives deep into the why do new social enterprises form collaborations and how do they overcome organisational legitimacy challenges. Qualitative research helps gain deeper understanding of a phenomenon resulting in refinement of social entrepreneurship knowledge as opposed to formal measurement that aims to generalise.

3.2.4 Research Strategy

In terms of the research strategy for this thesis, conducting a case study was chosen for the collection of the primary data. According to Yin, (2013) case study research is appropriate when researchers have little or no control over behavioural events and when the focus of the study is a contemporary phenomenon. The conditions fit into the case of the JU Solar Team and therefore we found it appropriate as a focus for this study. Inductive reasoning is used to structure a theory from the data. The rich immersion of empirical data from the different sources provided insight and inspired new ideas for the grounded theory resulting in inductive theory generation. (Siggelkow, 2007)

As a single case study, there are several merits that Yin (2013) discusses such as common cases that are preferable versus multiple case studies. The particularization of this specific case makes it quite unique and finding similar cases in a multiple case study to achieve an objective analysis becomes very difficult. The dynamic nature of the collaboration and the factors of organisational legitimacy for all the collaborators is not a “one size fits all” generalisation. There needs to be more consideration and deeper understanding of this particular case, further motivating our strategy for a single-case study. Due to this single case study being unique in nature it is difficult to generalize from the results of this thesis even though new social enterprises face organisational legitimacy challenges on a frequent basis. Instead the results can be used to test why similar new social enterprises face legitimacy challenges when they form collaborations and how they overcome them.
3.2.5 Case Design

Cross-sector collaborations are complex, and the researchers needed a general understanding of these relationships. More importantly, there needed to be a case where the social entrepreneur accomplished the task of overcoming legitimacy challenges through collaboration. The selection of the JU Solar Team case was used as an instrumental case study (Stake, 1995) to not only research the particular social enterprise but being instrumental in understanding the processes, relationships, and decisions needed for a new social enterprise to establish organisational legitimacy.

A common pitfall when conducting a single case study with a limited sample is that circumstantial evidence that does not represent the broader picture surfaces. However, the authors have remedied this by differentiating sources of data collection by interviewing the most important aspects of the collaboration and differentiating interview questions to each group of stakeholders that participated.

As an alternative to a single case study, multiple case studies could be another form of research conducted to prevent drawing conclusions from a limited set of data. Multiple case studies are forms of research that collect its primary data through multiple studies and draws themes over the cases. (Yin, 2013). However, the data that can be comparable to multiple studies can be limited in nature as it must share common threads between the cases to yield beneficial information. Multiple case studies, to ease the ability to find patterns, might limit their variable when examining different cases. Meanwhile, a single case study can particularise (Stake, 1995) and address potential missed variables when collecting data resulting in a more refined understanding of a phenomenon such as new social entrepreneurship that has less established theory than other form of entrepreneurship.

Axiological biases from the authors is another weakness that the research must acknowledge. As one of the authors has been an active member of the JU Solar Team, biases of individual experiences may come through subconsciously in the case study formulation and the analysis of the results. Although, this sort of personal connection granted by the author into the JU Solar Team gives broad access to a new social enterprise and the organisational legitimacy challenges they overcame.
3.2.6 Data Collection

The targets of the data collection are the different actors in the cross-sector collaboration that are used to overcome legitimacy challenges. The different actors are the social enterprise, the institution, and the commercial enterprises. In the case study, the social enterprise is JU Solar Team. The institution is Jönköping University and the commercial enterprises are a sample of sponsored companies. To get a broad range of collected data, this study spends significant time researching what are social enterprises and especially what are and defines new social enterprises. Good qualitative questions should invite a process of exploration and discovery (Creswell, 2007). As legitimacy challenges for new social enterprises are the main problem this research strives to understand, a significant amount of time was utilized collecting qualitative data based on reflective process. We wanted to increase the understanding of what are organisational legitimacy issues for new social enterprises with a blended approach of different stakeholder perspectives.

As we interviewed three different types of stakeholders, differentiating the questions to inquire about their motivations, issues and overall insight and perspectives about the JU Solar Team. The three groups of qualitative interviews examine the commercial enterprises, the new social entrepreneurs, and the institutions of the cross-sector collaborations. With a broad depth of perspectives, this lead to key insights into the opportunities and the types of legitimacy issues the JU Solar Team had, what they were able to overcome, and what they continued to struggle with. Cross-sector collaboration between social enterprises and corporations can yield opportunities that are not possible without cooperation.

Five interviews were conducted with collaborators of the JU Solar Team that were considered by the JU Solar Team to have the best insight of their social enterprise. Three interviews were conducted with JU Solar Team members, two from the engineering team and one from the management team. Finally, one interview was conducted with the deputy managing director of the Jönköping University School of Engineering. Interviews with both the JU Solar Team members and their collaborators were made via e-mail and consisted of five and six questions respectively. The
interview with the deputy managing director of the Jönköping University of engineering was made in person and consisted of five questions. This amounts to nine interviews in total, according to McCracken (1988) eight interviews are needed when conducting a qualitative research project.

James (2015) sees email as a tool to conduct interviews that gives the participants time to think and reflect on their answers in their own time. The authors of this paper decided that using email as the interview medium when interviewing the JU Solar Team and their collaborators would give the best answers by giving all participants the time to reflect on their answers. This decision was because the nature of the questions make them difficult to answer extensively right away in a face-to-face interview and that the interviewees might not be used to answer this type of question even though they are very knowledgeable within the subject.

Researchers can use qualitative research interviews to guide the interviewee through the interview processes while they are still able to give in-depth answers in their own words according to King (2010). The authors decided to make use of this interviewing technique when conducting a face-to-face interview with the deputy managing director of the JU School of Engineering. The decision to conduct a face-to-face interview in this case was due to authors believing that the Jönköping University being the closest collaborator to the JU Solar Team would be able to give more insight directly while having a discussion instead of needing the time to think about their answers in an email interview.
## Interview Information

<table>
<thead>
<tr>
<th>Participants</th>
<th>Commercial Enterprise</th>
<th>JU Solar Team</th>
<th>Institutional Actor</th>
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</thead>
<tbody>
<tr>
<td>2017-11-16 Pierre</td>
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<tr>
<td>SSAB</td>
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<td>2017-11-24 Lena</td>
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<tr>
<td>Norelem</td>
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<td>2017-11-22 Fredrik</td>
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<tr>
<td>SunSolutions</td>
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<td>2017-11-17 Bertil</td>
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<tr>
<td>NEVS</td>
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<td>2017-11-22 Fredrik</td>
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<td>El-Forest</td>
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<td>2017-11-16 Lukas</td>
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<td>Engineering team</td>
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<tr>
<td>2017-11-17 Kim</td>
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<td>Engineering team</td>
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<td>2017-11-23 Arvid</td>
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<td>2017-11-31 Joakim</td>
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<td>Deputy Managing Director</td>
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<td>JU School of Engineering</td>
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<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>3</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>
3.2.6 Primary Data

The primary data for the research was used in three different qualitative methods and use a participative inquiry on the groups interviewed. A participative inquiry is a methodology that involves participants as fully possible in the study, which is conducted in their own group or organization (Collins & Hussey, 2014). This method attempted to understand the different perspectives of stakeholders around the JU Solar Team. The three groups of qualitative interviews are examining the commercial, the new social entrepreneurial, and the institutional actors of the cross-sector collaboration. According to Huybrechts and Nicholls (2013), a cross-sector collaboration between social enterprises and corporations can yield opportunities that are not possible without cooperation. Therefore, this research investigated members of the JU Solar Team, the commercial enterprises who sponsor the team and the institution of Jönköping University who sponsor the team for their perspectives organisational legitimacy for this new social enterprise. The participative inquiry allowed the interviewees to lead their own direction for results.

When interviewing the members of the JU Solar Team, it is important to differentiate there are two different teams. There is a management team that consists of business, graphic design, and communication students as well as an engineering team consisting of electronic and mechanical engineers. As the different teams could very well have different perspectives on their experience of being a part of the team, it was important that we capture students from both teams. The two teams also have different approaches to how they build legitimacy. From the engineering team's perspective, they needed to design and build upon the progress of the vehicle that represents the organisation and their own human capital. However, the management team needed to build the brand and financial legitimacy around the project to develop social capital with commercial enterprises.

When interviewing commercial enterprise sponsors of the JU Solar Team, the authors also recognized that not every company was the same. There were large multinational corporations that sponsored the team as well as regional and local companies. These companies very well could have different rationale and motivations for sponsoring the
team and have different perspectives on the organisational legitimacy of the JU Solar Team.

Interviewing different types of JU Solar Team members gives the research into this case study added depth. At the same time, gaining insight from companies in different sectors, sizes, and motivations for sponsoring the project yields insight into the perspectives and different forms of legitimacy around the project. The interview with the Vice Dean of the Engineering school also adds value from the institutions perspective and motivations. This broad range of interviews can be considered a strength of this specific case study. However, this study’s intentions are to explain the case of the JU Solar Team, how they overcame legitimacy challenges as a new social enterprise and what were the effects of adding the Management team to the mix. It is not intended to be adding to a new field of science, more so to guide further new social enterprises in overcoming legitimacy challenges.

3.2.7 Secondary Data

For this research thesis, secondary data has primarily been collected through peer-reviewed academic journals. As new social enterprises are the primary focus of this essay and a narrowing factor, we spent much of the time finding articles that linked back to new social enterprises. Some examples of keywords used to search for secondary data were: “New Social Enterprises”, “Organisational Legitimacy”, “Social Enterprises”, “Challenges of Social Enterprises”, “Social Entrepreneurship”. To find this information, we have used the search engine Google Scholar but primarily Jönköping University's Web of Science database engine Primo.

3.2.8 Decision Process

For each group of stakeholders interviewed, the authors wanted to get insights that would help shed light on their perspective of the organisational legitimacy of the JU Solar Team. In this way, the authors could identify possibly the same issues from different groups, and see what was achieved and what could be improved.
For questions directed for the members of the JU Solar Team, the focus was to get an understanding of what (the real-time and experiential) on the ground feelings and challenges of the team were. The questions piloted in the direction towards how the secondary data could be cross-examined with the interviews. The first question was very transparent in retrieving what the team member thought could be improved. We were investigating the challenges of nascent enterprises face, seeing if there were parallels to the secondary data of Renko (2012.). In the second question, it was framed to understand the dynamics of value creation from the cross-sector collaboration (Austin, Stevenson, Wei-Skillern, 2006). For the third question, we wanted to explore institutional theory (Bruton, G., Ahlstrom, D., & Li, H. 2010) and to see what benefits the partnership had created and if it incentivized Jönköping University to increase its commitment. Also, we are searching for problems they could identify within the organisation, what could have been done better from their point of view to build a more legitimate new social enterprise. We formulated and asked these questions first to get a better idea of what the problems were. After receiving feedback, questions were formulated and then asked companies and Jönköping University questions based from the input.

Questions regarding the commercial sponsors took on a slightly different approach. We wanted to understand from their perspective why they chose to sponsor the JU Solar Team. Understanding their motivations, were they financially, philanthropically or a combination of the both? In the lining of questions, there was an aim to also understand what made the JU Solar Team perceived as a legitimate organisation from their perspective. Associating the brand and name of companies with others implies risk (Suchman, 1995), if the JU Solar Team would behave in a manner that could jeopardize the legitimacy of the sponsor company, it could have consequences. Therefore, piloting questions around this issue could see what are the traits and characteristics the new social enterprises can do to overcome the legitimacy risks.

One area of questioning the authors felt may be interesting to research into would be the institution of Jönköping University itself. The university is the primary donor of this project and we wanted to inquire what were the expectations of this project. Also, what kinds of goals were Jönköping University trying to achieve with the JU Solar Team as it
would be valuable information regarding organisational legitimacy. Through this questioning, we wanted to investigate what kind of impact it had on the school when the JU Solar Team started acquiring more sponsors. Did the positive response increase the propensity to invest further in the project?

With the three different types of stakeholders interviewed, the perspectives and responses elicited would lead to a broad range of qualitative answers that the research could analyse in coherence with the secondary data gathered from peer-reviewed articles. While writing these questions, the authors assumed that there would not be one single challenge that the JU Solar Team encountered. The group wanted to monitor patterns and possibly management styles that could lead to overcome these legitimacy challenges.

3.2.9 Data Analysis

The researchers utilized an inductive approach to develop the theory with an explanatory purpose for the research. Single case study was the research strategy chosen to explain the theory and empirical data. To establish the quality of the research design, the authors seek internal validity of the data by examining causal relationships between the social enterprise and the collaborators (Saunders, Lewis, & Thornhill, 2016). An example of this in the thesis will be how skillset diversification in the social enterprise, JU Solar Team, made the social enterprise more effective in achieving legitimacy with commercial enterprise and the data from the JU Solar Team confirms this. External validity was sought out when trying to find patterns of organisational legitimacy. The feedback from the data concerning the value of the social enterprise to the commercial enterprise validated the different types of organisational legitimacy used in value creation. Building on theoretical propositions when conducting the case study, it becomes possible to structure the analysis more easily. Using the inductive approach, the theory emerges from the process of data collection, analysis, and interpretation (Saunders, 2016).
4.0 Empirical Findings & Analysis

The purpose of this chapter is to present the empirical data from interviews with the JU Solar Team their commercial partners and the institution of Jönköping University School of Engineering, and compare it to the secondary data. The analysis will be conducted making use of inductive reasoning for a single case study.

4.1 Empirical findings

4.1.1 JU Solar Team Organisational Legitimacy Challenges

When the authors interviewed the JU Solar Team, commercial enterprises who sponsor the team and Jönköping University as the institution, several themes began emerging regarding why there are challenges for new social enterprises. Firstly, we found when interviewing JU Solar Team Members that there existed an inability to efficiently organize human capital in such a way that work got done in an effective manner. This challenge became apparent with the responses from engineering group who felt that starting from nothing and meet deadlines were some of the hardest challenges they faced. From the management group member interviewed, it was the structure and organization that was the hardest. Students felt that not enough time and effort was spent to recruit members of the team.

Also, there was a consensus of students that thought the engineering and management groups were not integrated into meaningful ways. This led to a lack of communication between the groups and highlights theme of lacking effective organisational management. These challenges, however, are highlighted as early challenges when starting the organisation. In the responses from JU Solar Team members, it appears as time progressed the project began to gain momentum and tackle many of these early challenges.

Team members of the JU Solar Team described that as students who are inexperienced with managing projects and operating a social enterprise that it was difficult to know how to apply themselves. This inexperience is a theme that emerges as to why they faced challenges with organisational legitimacy. From the interview of Jönköping
University, this aspect of giving students who are inexperienced to learn is a goal for the institution.

Another reason for legitimacy challenges that emerged was a lack of initial resources to use, a point highlighted throughout the interviews of the JU Solar Team. Members from both groups discussed either being unaware of what resources were available to use to them or when and how to use those resources in terms of both designing the vehicle and building relationships and collaborations with the commercial enterprise sponsors. With both limited resources and experience, it was difficult to progress within the project and build the collaborations necessary to build the team and car.

In summary, the three main themes identified in the primary data addressing why the JU Solar Team faced organisational legitimacy challenges when forming collaborations are:

1. Inefficient human capital utilization
2. Lack of coordination within the enterprise
3. Lack of initial resources (human, financial, and social)

4.1.2 Overcoming Legitimacy Challenges for the JU Solar Team

In terms of how the JU Solar Team was able to overcome these challenges, team members from both groups quickly and strongly repeated having diversified skill sets and groups with different objectives applying their knowledge in the right areas as crucial for the success of their project. While team members highlighted early struggles of inexperience and lack of understanding roles, the team has appeared to develop necessary skill sets that were diversified in nature. This skillset diversification enhanced human capital value which addressed the lack of knowledge and experience problem. It also benefited in furthering pragmatic organisational legitimacy. From previous generations of the project, with only one team that was focused on the engineering aspect of the project, there was a void of knowledge and experience in communicating and collaborating with commercial partners. As well as being able to communicate the value the JU Solar Team had to offer these commercial enterprises. The diversified skill sets greatly helped the JU Solar Team efficiently mobilize members of the team and as they built their network, efficiently use the acquired resources.
When interviewing partners of the JU Solar Team, some mentioned the point of identifying with the social good that Solar Team was creating. Relating to the social good, the partners decided to collaborate with JU Solar Team with the objective in mind to work towards the social goal together. For example, most of the interviewed commercial enterprises identified that the message of sustainability was a major contributing factor as to why they began their collaboration with the JU Solar Team. When asking Pierre Bergsten of the steel corporation SSAB about the motivations for sponsoring the JU Solar team, he answered;

“...It doesn’t matter if it is our company or students that are gaining knowledge. In the end, future engineers are our customers. The other thing is for SSAB to be seen as a solution to the problems not as a cause of the problems.”

The management group found success with this message as they spent extensive effort in building the sustainability message into presentations and communicating it to potential sponsors. The purpose of the sustainability communication is to gain resources for the engineering team who produce the vehicle fulfilling the exchange component of pragmatic legitimacy as well as establishing the moral legitimacy of the social enterprise.

When conducting the interviews with the partnered commercial enterprises of the JU Solar Team, the authors noticed a wide range of motivations as to why they decided to sponsor the JU Solar Team. With commercial enterprises having such a wide range of value they want to get of collaborating with new social enterprises, it was important that the JU Solar Team identified what each potential partner wanted to “get out of the collaboration” such as varying forms of legitimacy. Some companies interviewed took a viewpoint as the JU Solar Team was a tool for achieving cognitive legitimacy. As for the case of , they were less concerned about selling products but promoting and embedding sustainability in the long term for society and the organisation aims to be part of that restructured society leading to cognitive legitimacy aims. With Lena Wurst of Norelem stating;
“We see the collaboration with JU Solar as a long-term investment – but we will not sell any more products next year because of that collaboration...We want to promote the talents of tomorrow”

Lena continues;

“...topics such as sustainability and efficiency are also topics we deal with. For this reason, working with the JU Solar Team was particularly interesting for us.”

A more pragmatic form of value in building networks and using the social enterprise as a platform to market themselves upon was something that SunSolutions wanted to achieve through collaboration with the JU Solar Team,

“Because we just loved the idea of a solar-powered car developed by a team from a Swedish högskola competing across a continent. It would be beneficial to our business to be connected with all that.”

When asked what kind of value they were hoping to get out of the collaborations with the JU Solar Team, Fredrik continued;

“Marketing values and connection to other parties interested in solar power.”

Through these interviews, the authors were being able to identify the value propositions the commercial enterprises were seeking when going into a collaboration. To create the unique value proposition for every potential partner helped the JU Solar Team in their quest to overcome their legitimacy challenges during their start-up phase.

Lastly, a theme that became known were cross-sector collaborations in themselves helped in overcoming the JU Solar Teams legitimacy challenges. Students, when interviewed, mentions several times that securing “big name” sponsors made it easier to collaborate other commercial enterprises. A sort of “snowballing” effect was thus created were securing one big sponsor would lead to the JU Solar Team securing another. The collaborations added network connections as well as pragmatic legitimacy
in the form of influence for the social enterprise, JU Solar Team. Suggesting that the cross-sector collaborations themselves played a relatively big part of the JU Solar Team to overcome their legitimacy challenges when being a new social enterprise.

In summary, there were four main themes that surfaced from the primary data on how the JU Solar team overcame organisational legitimacy challenges:

1. **Skillset diversification**
2. **Social value identification (Sustainability)**
3. **Identifying and creating value through fulfilling legitimacy needs of commercial enterprises**
4. **Gaining momentum through cross-sector collaboration**

**4.2 Analysis**

**4.2.1 Why Are There Organisational Legitimacy Challenges**

Upon review of the theoretical data and crossing it with the first research question of why are there organisational legitimacy challenges when forming collaborations, several themes begin emerging. The first theme that emerges in the secondary data is new social enterprises suffer from the inability to efficiently mobilize the resources available to the firm. Resources can be defined as labour capital, time, and existing networks (Austin et al, 2006.) Inefficient resource mobilization can be a symptom of a lack of business experience or knowledge.

Another theme that arises is new social enterprises often suffer from a lack of existing networks or experience with network building (Perlje, 2015.) Networking is a key component of creating collaborations between new social enterprises and commercial enterprises and thus also crucial for new social enterprises in their effort of being perceived as legitimate (Huybrechts & Nicholls, 2013) because it addresses structural and influential forms of legitimacy. Even when new social enterprises can network and build new relationships, new social enterprises face a third type of challenges in that they have difficulty communicating the value they can bring to the collaborators in the relationship (Renko, 2012). Communicating the benefits of why commercial enterprises should form collaborations with the new social enterprise is crucial for new social
enterprises to be able to achieve their social goals. In summary the secondary data points to a common denominator of lack of business knowledge and experience.

When comparing the secondary and primary data, we found quite a few similarities explaining why new social enterprises face organisational legitimacy challenges in the start-up phase.

Both the students and the theoretical research listed a lack of experience and knowledge to be major challenges for new social enterprises (Perlje, 2015). The lack of experience and knowledge affects the exchange legitimacy of the social enterprise because it can place doubt whether the social enterprise can deliver results for the collaborating partners. Students from both the management and engineering groups brought up this issue as well so we can conclude as a consensus this was an important factor. This lack of experience slowed students from being able to effectively network with organisations, and effectively mobilise the resources available (Desa, 2011).

Another issue that both the primary and secondary concur with was the lack of resources available to new social enterprises and the following efficient utilization of those limited resources (Renko, 2012). JU Solar Team members describe especially when in the start-up phase of not having the tools needed to get to work or not knowing what order to act on when trying to achieve early goals. Team members also mention that as time went on and experience was gained, the immediate issues of the lack of and application of resources began to diminish due to team members gaining the ability to mobilize resources more effectively, which can be found in the secondary data as well (Desa, 2011). The ability to mobilise resources effectively addresses the structural and exchange legitimacy of the social enterprise, touching both normative and pragmatic legitimacy.

However, one factor the secondary data mentioned as important regarding insufficient networks from the students was not mentioned as a fundamental factor. The problem was not necessarily that of insufficient networks, but instead the inability to efficiently utilize the networks that the institution of Jönköping University was already in
possession of. This issue could also be used to confirm the prediction of lack of experience on the part of the JU Solar Team student members.

4.2.2 How the JU Solar Team Overcame Organisational Legitimacy Challenges

When analysing the secondary data in regards of the second research question of how new social enterprises overcome legitimacy challenges the authors found that it is important to acquire the knowledge and experience needed to mobilize resources to address legitimacy gaps. Mobilizing these resources lead to the social enterprise being able to extend its network, knowledge, and experience. Extending the knowledge base, or capacity building is an effective method to mobilise resources enhancing pragmatic and normative legitimacy and thus overcoming organisational legitimacy challenges that new social enterprises face (Ateljevic, 2011). As new social enterprises develop, the acquired knowledge and skills will be crucial for learning how to manage resources more efficiently.

Overcoming the difficulty of networking is another challenge that new social enterprises face when trying to overcome legitimacy challenges. Institutions can help network adding influence and structural legitimacy to the social enterprise. Institutions can act as gatekeepers (Hutt & Speh, 2016) and are often integrated and contain a network of commercial enterprises (Bruton et al., 2010). The utilization of institutions already existing networks can serve as a bedrock to build legitimacy upon. This bedrock can help a new social enterprise in growing new business networks, build relationships and establish collaborations to accomplish social goals.

Communicating the value new social enterprises can offer within their network of commercial enterprises they are attempting to collaborate with is also important in overcoming legitimacy challenges according to the secondary data. This value of the social enterprise refers to the business competencies of the social enterprise and as well as the social goals. The criterions of what legitimizes a social entrepreneur from the perspective of a commercial enterprise, exhibits the types of guidelines a social entrepreneur must observe when the new social enterprise identifies and communicates its goals in parallel with the commercial enterprise. This can help the new social
enterprise overcome organisational legitimacy challenges (Huybrechts and Nicholls, 2013) because the cognitive forms of legitimacy start to complement the normative forms of legitimacy. The communicated goal spreads and progresses with cross-sector collaborations building structural legitimacy to plant cognitive legitimacy in different sectors of society.

When comparing the primary and secondary data, once again the authors find several similarities as well as some differences. One area the primary data lined up with what the secondary data said was in social values identification as discussed by Mair & Marti, (2006). A strength of the JU Solar Team is that it focused on sustainability based goals. Most of sponsoring commercial enterprises who participated described the sustainability identification as one of the predominant reasons for choosing to sponsor the new social enterprise. Social entrepreneurs, with a focus on a social mission, have access from varied stakeholders and networks (Austin et al. 2006). It is because the linkages and bonds from these stakeholders and networks come from shared values, norms, and understanding as opposed to finite resources addressing the normative legitimacy strength of the social entrepreneur. The new social entrepreneur can focus on building a rich network of contacts, developing relationship management skills to seek out creative arrangements (Austin et al. 2006). JU Solar Team managed this by communicating the social mission in a comprehensible business case to gain collaboration with commercial enterprises in receiving financial and human resources. To build their structural legitimacy, JU Solar Team managed to appeal and garner support from the business community addressing the role of cognitive legitimacy in building normative legitimacy.

While the primary data did not validate effective resource mobilization as one of the primary factors in overcoming legitimacy challenges for new social enterprises as the theory suggested. Instead, it can be argued that when the management group is able to identify and communicate social goals as it has as a demonstration of effective resource mobilization.

Institutional support in the networking context was another tool that the secondary data suggested as important to overcome organisational legitimacy challenges for new social
enterprises. This relationship was not necessarily validated to full extent in the primary data. The theory suggested that Jönköping University’s network would have played a large role in helping the JU Solar Team gaining legitimacy in its start-up phase. Instead Jönköping University provided the role of a gatekeeper (Hutt & Speh, 2016) for the JU Solar Team as the university provided some influential legitimacy for the student-run team. The university institution also provided accumulated human capital for the project over the years easing knowledge transfer for the engineering team. The JU Solar Team in expanding its organisational capacity with limited resources, developed mutually beneficial networks to earn the financial resources necessary to overcome the lengthy development cycles of a novel market offering.

In the interviews with team members, there was a discussion of how initial resources played a role to help begin, but overall there was a lack of description of the institution’s network being a tool. However, the authors can observe that commercial enterprises such as Husqvarna, who are considered external partners with the Jönköping University School of Engineering have an existing relationship. Husqvarna for the first time sponsored the JU Solar Team on a significant level. This connection implies that institutional support plays a role in helping new social enterprises build structural legitimacy overcoming legitimacy challenges (Bruton, Ahlstrom, and Li, 2010). The connection also supports the overall improvement of JU Solar Team in communicating the project to business stakeholders improving pragmatic legitimacy.

One theme that presented itself from not only the JU Solar Team interviews but also from interviews with commercial enterprises was being able to identify and create value for a very wide array of types of companies with different interest and needs. For a new social enterprise to be able to achieve funding and support, they needed to develop a business case justifying why a company should invest their resources, (Desa, 2011). A strength of the team was the new management team that was able to develop a business case in parallel as the engineers began designing and developing the vehicle improving resource mobilisation. The formation and presentation of the business case made the project more comprehensible to sponsoring commercial enterprises. This provided cognitive legitimacy for the JU Solar Team.
The JU Solar Team was able to attract sponsors from companies with only one or two employees all the way to several multi-billion-dollar enterprises. There was a large difference in the size of companies and the types of value these commercial enterprises wanted to get out of the collaboration. The types of value touched on different needs for the collaborating partners. Summarizing themes of the commercial enterprise interviews, the authors were able to recognize that the commercial enterprises were fulfilling needs such as gaining pragmatic, cognitive, and moral legitimacy through their sponsorships of the JU Solar Team. This demonstration of value creation, being able to effectively identify and fulfil needs highlights the JU Solar Team’s ability to overcome its legitimacy challenges by providing legitimacy to existing enterprises.

Members of the JU Solar Team discussed that while in the start-up phase of the project that it was very difficult to meet and acquire sponsors. However, team members describe that as time progressed and commercial enterprises began joining as sponsors, there was a building of momentum within the organisation. Team members of the JU Solar Team described that in the later stages of the social enterprise after overcoming their initial legitimacy challenges, that finding sponsors was no longer a difficult task.

Huybrechts and Nicholls (2013) state that forming collaborations helps establish legitimacy. One of the described methods of forming collaborations with commercial enterprises was developing and refining the organization's goals. The management group was able to identify its social goals, and this enabled them to communicate these goals to companies who were considering sponsoring the organisation. The management team communicated the normative value of the project.
5.0 Conclusion

In this chapter the authors will conclude the thesis based on findings from the empirical study and analysis. The conclusion will be based from the two research questions of the thesis.

The explanatory purpose of this thesis is to understand why new social enterprises experience organisational legitimacy challenges and explain how they overcome them. This research was fulfilled by answering two research questions through a combination of collecting secondary data and conducting a single case study of the JU Solar Team.

Research Question 1: Why are there legitimacy challenges for new social enterprises when forming collaborations?

When examining the themes that emerged in the primary data the authors conclude that inexperience of entrepreneurs is one of the biggest reasons for legitimacy challenges that the JU Solar Team faced. This inexperience resulted in an inefficient use of human capital hindering the ability to communicate the social value to collaborators as well as deliver pragmatic value. This factor of inexperience was enhanced with a limited network of contacts for the entrepreneurs to work with as well as limited financial capital. The networks for social capital are needed to build structure to deliver social value but also to gain pragmatic influence to achieve capacity building. Inexperience also resulted in the JU solar team having difficulties in understanding how to efficiently use their limited resources (financial, human, and social) to overcome the start-up phase. Coordinating these limited resources within the JU Solar Team hindered them from efficiently mobilising their resources and thus leading to a negative effect in forming collaborations.
Research Question 2: How do new social enterprises overcome organisational legitimacy challenges?

Based on the input from the theoretical research and the interviews collected, the authors conclude several methods of how the JU Solar Team overcame their organisational legitimacy challenges. Adding a second group of students called the management group, consisting of business, communication and graphic design students diversified the portfolio of skills the JU Solar Team had. By diversifying their skillset, the JU Solar Team were able to overcome their legitimacy challenges by effectively mobilising resources and making use of social value identification through communicating sustainability. Also, the management group were able to identify the unique value that each potential commercial partner searched for, as well as created this value through various methods such as developing a better business case. Lastly, the collaborations themselves had a legitimizing effect in creating new collaborations through a “snowball effect”. As the JU Solar Team added sponsors, it presented itself as a more legitimate organisation and aided in helping itself to continually overcome organisational legitimacy challenges that new social enterprises face.
6.0 Discussion

In this chapter the authors present further implications for the thesis and discuss the limitations. Potential further research within the area is also discussed.

6.1 Implications

This thesis was conducted to investigate how the social enterprise was different from the commercial enterprise. By investigating this, the aim was to complement previous research within entrepreneurship research by adding organisational legitimacy as a parameter and how social enterprises utilise organisational legitimacy that differentiates the social entrepreneur from the commercial entrepreneur. The thesis may be of interest to business strategists in social enterprise and management consulting since it provides insights of how organisational legitimacy establishes value creation. There are also insights on the dynamics of collaborative relationships between different sectors and the challenges of building these relationships. The desire is that these insights can be valuable for businesses to incorporate into their strategies that specifically wants to identify legitimacy bases in their value proposition that rewards both financially and socially. Furthermore, implications for strategists is how social enterprise can address sustainability and helps identifies the role of institutions in the collaborative relationships.

6.2 Limitations

Particularising the in-depth analysis of the single case study provides detailed insights of the uniqueness of social enterprise. The focus on a single case study allowed the researchers to deeply examine all the different attributes that build legitimacy in a collaboration such as mobilising different forms of capital as resources, the establishment of networks, the institutionalising of moral legitimacy, and the processes of accumulating knowledge and experience to manage the difficult task of social and financial value. However, the findings are limited in providing generalisations of social entrepreneurial collaborations. The single case study focused on solar engineering, but entirely different dynamics could be at play in different social entrepreneurial industries. There is also a macro cultural element in establishing organisational legitimacy which
the single case study does not fully address because all partners in the collaboration were in Sweden. The recognition of bias is addressed since a member of the research team was also a member of the JU Solar Team case study where the closeness of knowledge may affect the objective research. The insights of the research can be further expounded upon by the academic institutional partners of the case study, Jönköping University.

6.3 Further Research

The findings suggest organisational legitimacy can be used to address value creation for the social enterprise. The same framework of organisational legitimacy could be used to address value creation in the commercial enterprise as well leading to future research. The findings also provide insights of how a non-profit social enterprise was able to gain financial support for a highly developmental solar engineering project. The method of the thesis was a qualitative method using interviews to retrieve in-depth perspectives in a highly collaborative relationship. Although, the single case study was too limited in sample size to provide a quantitative analysis. Further quantitative research to test the validity or robustness of the qualitative research would be advantageous as well as recognize more findings and patterns within the studied area. Lastly, the research discussed cognitive legitimacy but due to the newness, or nascentness, or the social enterprise, the concept was not deeply explored beyond a conceptual level. It would be interesting to read about embedded institutionalised social enterprises that were able to establish cognitive legitimacy for a region.
7.0 References


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Appendix 1

The questions for each group of stakeholders were as follows:

**JU Solar Team members:**
1. As a student of the JU Solar Team, what were some of the biggest challenges you feel the team faced?
2. How do you feel the relationships with sponsors affected the team’s performance?
3. As the JU Solar Team acquired more sponsors, do you believe it influenced the relationship the school had with committing resources to the team?
4. Do you believe having separate team helped in overcoming some of the legitimacy challenges with being able to acquire resources? How or how not?
5. What more could students on the JU Solar Team to help present itself as a more legitimate organisation?

**Commercial Sponsors:**
1. Why did you want to sponsor the JU Solar Team?
2. What is it about JU Solar Team’s mission that seemed attractive? Was it about sustainability, was it for engineering purposes, or was it for student recruiting?
3. What kind of value/return were you seeking with JU Solar Team?
4. What is your selection criteria for choosing a social organisation?
5. What are things that from your perspective de-legitimize a social entrepreneur when evaluating a potential sponsorship?
6. What are the drivers that you are looking for when you choose to increase your investment in a new social entrepreneurship venture such as the JU Solar Team?

**Jönköping University:**
1. As the primary backing source of the JU Solar Team, what are the main motivating reasons to commit to a type of project?
2. What were your expectations and/or aspirations when supporting the JU Solar Team? What would you consider milestones in the project?

3. What do you believe are the biggest challenges for the JU Solar Team?

4. When JU Solar Team yields positive results, would that likely increase your long-term commitment in the future? If so, in what ways?

5. Do you believe the JU Solar Team has any impacts in helping to build legitimacy between Jönköping University and the business community? In what ways?

Appendix 2

Commercial Enterprise Interviews

**Interview 1:**

Fredrik Lorenc  
Partner at El Forest Technologies

1. Why did you want to sponsor the JU Solar Team?

   We, as a company, working with very similar projects on a daily basis, enjoy to see and want to support these kind of student projects. For us, every technical challenge, is an opportunity to do something fun and maybe learn something new. Helping you out with BMS etc. was a pleasure for us more than a marketing investment.

2. What is it about JU Solar Team’s mission that seemed attractive? Was it about sustainability, was it for engineering purposes, or was it for student recruiting?

   It was the engineering aspect in an area that we hope to see evolve much the years to come.

3. What kind of value/return were you seeking with JU Solar Team?  
   Of course, being associated with this kind of projects is something we value. We enjoy telling about our involvement in the project when we meet existing our potential customers. It's a nice conversation topic.

4. What is your selection criteria for choosing a social organisation?

   I don't even understand the question so I suppose the answer is: we have none.
5. What are things that from your perspective de-legitimize a social entrepreneur when evaluating a potential sponsorship?

I suppose, the obvious things like political statements that we as a Swedish company cannot support.

6. What are the drivers that you are looking for when you choose to increase your investment in a new social entrepreneurship venture such as the JU Solar Team?

For us it has been the fact that your undertaking is very similar to what we do for a living, we can easily relate to what you do and also why you do it.

**Interview #2:**

Bertil Gustafsson  
Senior Test Engineer, NEVS  
Bertil @ NEVS

1. Why did you want to sponsor the U Solar Team?

We are in the same game trying to save our planet by sustainable transportation systems. We also believe that is important to share our knowledge to next generation developers/engineers. Challenges like this fire up a lot of people and you lift the organization from the normal and widen your perspective.

2. What is it about JU Solar Team’s mission that seemed attractive? Was it about sustainability, was it for engineering purposes, or was it for student recruiting?

All three I would say. We have been striving to get better/closer relations with universities in the past. By to me unknown reasons Högskolan Väst, Trollhättan and NEVS are not sharing a lot of ideas, and we were so inspired by the Jönköping University approach to maintain the tradition to participate in this tough race. That was the starting point for us to make the first contact. The when we met for the first time it just felt so right to continue.

4. What is your selection criteria for choosing a social organization?

That there is an interesting concept that fits to NEVS values.

5. What are things that from your perspective de-legitimize a social entrepreneur when evaluating a potential sponsorship?
Any illegal or moral misbehaviour would immediately stop partnership. And of course if we over time would separate in values and long term targets.

6. What are the drivers that you are looking for when you choose to increase your investment in a new social entrepreneurship venture such as the JU Solar Team?
Get inspiration
Share knowledge
Relate to, for us, new people
Set up a long term relationship with a University

Interview #3
Lena Wurst
HR manager, Norelem

1. Why did you want to sponsor the JU Solar Team?

In general:
We see the promotion of young talents as an important investment in the future. Taking responsibility and pursuing a policy of sustainable development is deeply ingrained in the corporate values of norelem. That is why we support talents with great enthusiasm in different areas (e.g. Formula Student) - because the ideas of tomorrow can only be realised if we support this talent now. Because of our focus on promoting talents, we founded the norelem Academy last year.

Why JU Solar:
As a young and dynamic company we want to support students who deal with future topics such as sustainability. We have customers from the automotive sector. For this reason, the question of how people will move on in the future is particularly important for us.

A special highlight is, of course, that the JU Solar Team participates in the World Solar Challenge after successfully developing their vehicle. At this, the high quality of the installed norelem parts is optimally put under evidence.

2. What is it about JU Solar Team’s mission that seemed attractive? Was it about sustainability, was it for engineering purposes, or was it for student recruiting?
For both sustainability and engineering purposes.

3. What kind of value/return were you seeking with JU Solar Team?

We see the collaboration with JU Solar as a long-term investment – but we will not sell any more products next year because of that collaboration. Instead, students become familiar with our products and get to know the brand and our catalogue. Of course we use information and images for PR purposes as well, but we consciously choose to work with schools and universities. We want to promote the talents of tomorrow and, of course, hope that they will remember us later in their professional lives.

4. What is your selection criteria for choosing a social organization?

We make sure that we collaborate with the right target group and that the projects also suit us and our products. However, we are very flexible. If students come up with a great idea, then we support them.

In addition, we also support local projects (e.g. fruit for the local kindergarten) as we believe that companies have social responsibility.

5. What are things that from your perspective de-legitimize a social entrepreneur when evaluating a potential sponsorship?

Could you please explain this question?

6. What are the drivers that you are looking for when you choose to increase your investment in a new social entrepreneurship venture such as the JU Solar Team?

We see the collaboration with Solar and Formula Student Teams as a long-term investment and these students are our target group. We try to extend our collaboration in countries where we also have subsidiaries – such as Sweden. As already mentioned, topics such as sustainability and efficiency are also topics we deal with. For this reason, working with the JU Solar Team was particularly interesting for us.
Interview #4
Pierre Bergsten
Product Specialist, SSAB

1. Why did you want to sponsor the JU Solar Team?

Cool and advanced technical challenge, yet reachable as a child’s dream. Easy to understand and also environmentally friendly. Fits our goals!

2. What is it about JU Solar Team’s mission that seemed attractive? Was it about sustainability, was it for engineering purposes, or was it for student recruiting?

From my point of view it’s all about gaining knowledge in the world of tomorrow to tackle all our energy problems. It doesn’t matter if it is our company or students that are gaining knowledge. In the end future engineers is our customers. The other thing is for SSAB to be seen as a solution of the problems not as a cause of the problems. We are aware of all the aspects but our taxpayers are not.

3. What kind of value/return were you seeking with JU Solar Team?

From my perspective it is about being seen as an environmentally friendly alternative compared to our competitors.

4. What is your selection criteria for choosing a social organisation?

No answer...

5. What are things that from your perspective de-legitimize a social entrepreneur when evaluating a potential sponsorship?

No answer.

6. What are the drivers that you are looking for when you choose to increase your investment in a new social entrepreneurship venture such as the JU Solar Team?
Yet again, no answer. Not my desk...

**Interview #5**
Fredrik Sander  
Manager, Sun Solutions

1. Why did you want to sponsor the JU Solar Team?

Because we just loved the idea of a solar powered car developed by a team from a Swedish högskola competing across a continent. It would be beneficial to our business to be connected with all that.

2. What is it about JU Solar Team’s mission that seemed attractive? Was it about sustainability, was it for engineering purposes, or was it for student recruiting?

Sustainability and the evolutions in regards of solar powered vehicle and battery techniques.

3. What kind of value/return were you seeking with JU Solar Team?

Marketing values and connection to other parties interested in solar power.

4. What is your selection criteria for choosing a social organisation?

We didn’t know we had one. We did not choose JU Solar team for being a social organization.

5. What are things that from your perspective de-legitimize a social entrepreneur when evaluating a potential sponsorship?
The sponsorship has to have the potential to be beneficial to our business, if it does not have that we are not keen on sponsoring. As to the entrepreneur as a person we have the same standards as for other business partners.

6. What are the drivers that you are looking for when you choose to increase your investment in a new social entrepreneurship venture such as the JU Solar Team? Strictly business related; marketing values and possibility to connect with new customers.

Appendix 3

Jönköping University Solar Team Student Interviews

Interview #1

Arvid Ek
Management Group, JU Solar Team

1. As a student of the JU Solar Team, what were some of the biggest challenges you feel the team faced?

I think some the biggest challenges the team faced was with organization. It was hard to coordinate where people needed to be at the right time to build the car.

2. How do you feel the relationships with sponsors affected the team’s performance?

The sponsors helped the project a lot. We got a lot of new equipment, tools and support from them. It most likely helped us do better than last year’s team.

3. As the JU Solar Team acquired more sponsors, do you believe it had an effect on the relationship the school had with committing resources to the team? Absolutely, when our team started showing progress with companies like Husqvarna and SSAB, I think it gave them confidence to invest more into our project.

4. Do you believe having separate team helped in overcoming some of the legitimacy challenges with being able to acquire resources? How or how not?
Yes, having two groups with different jobs definitely help keep the engineers focused on what they need to do and we could build the brand of the team. The new team could do graphic design work and got us sponsorships to give us a professional appearance. The group could take time to make proper presentations and it showed the team very well.

5. What more could students on the JU Solar Team to help present itself as a more legitimate organisation?

There is a more that could be done to look better. When it comes to recruiting for the team it could make more effort to get new members who are motivated. Also, to try and work on the cohesion between the two teams. For a lot of the project, it felt like two separate teams instead of one team. It eventually got better, but the sooner that happens the better it will be for all.

**Interview #2**

Lukas Flodmark
Engineering Group, JU Solar Team

1. As a student of the JU Solar Team, what were some of the biggest challenges you feel the team faced?

Starting from scratch in some areas and getting stuff done in time.

2. How do you feel the relationships with sponsors affected the team’s performance? The more sponsors and relations that showed performance was better and better.

3. As the JU Solar Team acquired more sponsors, do you believe it had an effect on the relationship the school had with committing resources to the team?

It definitely had an effect with more sponsors that gave the school confidence in committing more resources.
4. Do you believe having separate team helped in overcoming some of the legitimacy challenges with being able to acquire resources? How or how not?

It defiantly helped so that the ones building the car had more time building. but less communication at the same time made it harder for the "sponsor team" find the sponsors that was really needed.

5. What more could students on the JU Solar Team to help present itself as a more legitimate organisation?

Maybe get more collaborations with companies willing to help.

Interview #3
Kim Jansson
Engineering Group, JU Solar Team
1. As a student of the JU Solar Team, what were some of the biggest challenges you feel the team faced?

Meeting deadlines for the Solar Team and working under extreme pressure.

2. How do you feel the relationships with sponsors affected the team’s performance?

The Team got a boost from sponsors. there was no doubt the amount of support we received from them helped us do better.

3. As the JU Solar Team acquired more sponsors, do you believe it had an effect on the relationship the school had with committing resources to the team?

As the school saw the more sponsors we brought on. You definitely got a sense that the level excitement from them raised. I think it had an impact on the resources committed to the project.
4. Do you believe having separate team helped in overcoming some of the legitimacy challenges with being able to acquire resources? How or how not?

It was a big relief of pressure to not to have to worry about having to find new sponsors. Just trying to hit the deadlines on time was hard enough.

5. What more could students on the JU Solar Team to help present itself as a more legitimate organisation?

Keep building on the progress made. It felt like most of the companies were satisfied with this year’s results. I think if the team continues to grow the legitimacy will come along with it as well as the team’s performance.

Appendix 4

Jönköping University Institution Interview
Joakim Brobäck
Deputy managing director, Jönköping University, School of Engineering

1. As JU is one of the primary backing sources of the JU Solar Team, what are some of the main motivating reasons for to commit to this type of project?

I would say, first and maybe foremost, it’s a way to teach a course in a very practical and very hard way. It should be theory combined with practice. That is something the JTH (JU) Stands for. Everything we do in terms of theoretical and course, we try to make that relevant. Getting the theory relevant to the reality. That’s sort of the way we like to accomplish the pedagogical stuff. The JU Solar Team is a good way of that, where theory can be realised. It’s really one of the reasons why we started the project, except for the fact that it is a cool thing as well. (Laughter)

Another thing of course, it has a branding value for JU and JTH, it’s a project that has been exposed in a global way. It builds the brand and exposes us in a good way. It also acknowledges sustainability issues. We see that every organization wants to be a part of something that adheres to that.
It’s also a very good thing that, because I am closer to the project than I have been in the past, hopefully the students have learned a lot. But also to get feedback on the teachers and staff involved in this project. They also get to learn a lot of things that they normally don’t get to learn. So, it is a two way street that students but also staff learns. Every year we get better in how we handle the project.

We can teach project management, we can teach construction courses, marketing, all of this things, at the end of the day, if you don’t get to practice it, you miss out on something. Combing the theory and the practice, it is a really good way to learn.

Another thing is we see as staff and educators that a course of this magnitude, we see students growing and developing their skills for the real world.

2. What were your expectations or aspirations when supporting this team? (Explain more), As this kind of project is a very expensive investment, you don’t have to look very far to see other schools and groups who fall very short of making it to the finish line, or even getting their car to Australia. What were your aspirations in that sense?

I guess you will get different answers depending on who you ask, so now I am answering as the operations manager. Coming back to the answer on the first question, its more about the performance than the results. It is more important to see the performance of the project improves and is good. For me that it is a good course that students learn and we do this in a different and good way, so that is part of the performance. Also, part of the performance that we are bringing forth a car, that is fantastic. We are not doing anything theoretically here, we are actually developing and producing a car. That is also performance, the standard of the car. We would like that car to be a little bit better every year, if we do that, that is good performance. Also, one part of the performance is how the team, the student team, how that works. Not only the fact that there is a car there, but how the road of getting that car ready. The dynamics of the team members.

You have to learn as you go, you have to adapt and change. For me, if I hear from students that this is the best course I have ever done, the best experience I have ever
done, that is more valuable to me than if the car just finishes 7\textsuperscript{th}, 13\textsuperscript{th} or doesn’t even finish. Of course, though, it’s very exciting to follow the race, we watched the car online closely and its exciting.

Another thing, it’s a very good way to expose ourselves, we get to collaborate with our external partners, build our brand, expose ourselves in a different way and an attractive way I think. Given the sustainability issues that is important for all of us.

3. What do you think are some of the bigger challenges for the JU Solar Team? This could be anything from the organization, students, partnerships…. 

I think that one of the challenges is as I see it are finding the right balance between the fact that this is a course and an it is a project. First and foremost it is a course, and that is why we can put money on this kind of project. It is part of our core business to drive courses and to teach. That I felt has been a challenge. Also of course, I have felt that the team members have been so engaged in this, and sometimes I felt. Well hang on, it’s a course too, there’s a balance that must be continued to be worked on. That we can balance this in a good way. Expecting students without any experience can perform as a company, it’s not realistic, I mean in terms of contacting companies, getting sponsors. That is pretty much new for a lot of most of the students. The balance there, as learning activities and balancing that against the activities such as getting sponsors. Economically its very good to get sponsors, but we don’t to have one without the other.

We have sort of concluded, that the project part, if we have such an engaged and talented students as we have this year, that we are not worried about that. Because you all have worked so hard and have done this on your spare time. I mean getting all of this together is a challenge but if we have the right student material it will work out. We need to improve the course and theoretical part. We should probably the structure the course part in a slightly different way. Start with more of a theoretical base and then get to the more practical aspects of the project.

A challenge for us going for is to make sure there is a link between this project and the next project and next course with new students. Making sure that the next generation of
students that they don’t have to start from scratch. But, we want it to be a new project and new course, we want to make sure they get the same opportunity to make decisions, make mistakes, because it is course it’s a learning process.

4. Looking at JU through the lens that it is an institution or the foundation for the team, is there any way with how the team performs that incentivises the school to commit more resources to the project?

It comes down to resources such as budget and time spent on the project from the academic side. I think that you will get different answers here as well but I would tend to say that in terms of money being put into the project, I would not say we have an ambition to increase that vastly. So I would say if we are doing an increased commitment to the project I think it would be more into organization, teaching hours, that type of thing. Looking at ways that we can run the course more efficiently but also increasing the value to the students and the organization more. That would be more my aspiration increase the effort into the organization rather than putting into the budget. I think we can support the students more in getting more sponsors.

5. Do you believe the JU Solar Team has impacts in helping to build legitimacy between JU and the surrounding business community? If they do, how do you think that impacts?

It has a strong symbolic value, because it is such a specific and exciting thing. It attracts interests, and we can use that to build, increase and deepen relationships. We got a lot of attention, the senior management of the main Jönköping University. At every meeting when the management of JTH and JU meets they ask for updates and how is it going with the JU Solar Team? That is important for a school with us, to have a good relationship and build our brand. With all the sponsoring, the events that we continue, all that is good for us to build relationships with our external partners. Also from a company’s perspective, it’s a good base of recruitment of students. It’s a good thing from the schools perspective that we can provide companies who work with us, top of the line students to join with them after school.