

Caught between “Two Worlds”: Using commercial activities to pursue a social mission - **contending by nature or compatible in practice?**

-A case study of Stockholms Stadsmission SecondHand-

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Abstract

There is a rising tendency for non-profit organizations to form commercial ventures to finance their social missions; commonly referred to as *social enterprises*. This thesis aims to provide a rounded conception of how these organizations manage their institutional demands by drawing upon two streams of research: prevailing organizational beliefs in the form of *institutional logics* and *resources and mechanisms* employed in aligning their non-profit and for-profit missions; not previously collectively utilized. We paint a historical portrait of organizational meaning by examining Stockholms Stadsmission SecondHand [SSSH] after transitioning into a work–integration social enterprise and selling their training services to public constituents; and consequently, what led them to do so in the first place. The thesis is guided by the following research questions: *Which institutional logics exist in social enterprises standing at the crossroads of multiple sectors? What do these logics encompass? How do they develop? Can they co-exist? If so, how?*

The employed research approach is a qualitative single-case design, entailing twenty one interviews with Stockholms Stadsmission's employees, other Stadsmission's employees and external experts. Our findings indicate that institutional logics are not limited to social enterprises' sectorial belonging, but should be further nuanced; where we besides the theoretically expounded overarching *Social-Welfare-* and *Commercial* logics identified four sub-logics taking place in SSSH and their parent organization. These logics count a *Christian-Ethos* logic (stemming from a religious ideology and a social mission), two different forms of a *Charity-Retail* logic (one leaning more towards a social- and the other towards a commercial mission) and a *Work-Integration* logic (equally embodying social and commercial missions). We furthermore recognize that logics may take place both as consequences and antecedents to change, where institutional entrepreneurs and structural overlaps initiated by the parent organization play prominent roles in driving changes. Moreover we notice that institutional logics are able to co-exist and act as complementary when equally embodying *social-welfare* and *commercial* elements of the prevailing missions and logics. In the case of SSSH this was facilitated by the *Christian-Ethos* value foundation, where we identify that selective coupling of contrasting elements was ultimately achieved and manifested in a new integrative *Work-Integration* logic. Lastly, we argue for the utilization of both for-profit and non-profit mechanisms; as crucial for countering the risk of mission conflict. The main practical implication of this thesis suggests aligning the nature of commercial operations employed by the social enterprise in relation to their parent organization's social mission as detrimental for obtaining legitimacy and social capital from the multifaceted institutional environment.

Keywords: *Social Enterprise, Work-Integration Social Enterprise, Dual Missions, Institutional Logics, Sector Theory*

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I. Introduction

In year 2005, Stockholms Stadsmission SecondHand [SSSH] was a financial triumph which could potentially jeopardize their tax concessions if their commercial success was to continue; portraying them in the eyes of the public as an enterprise rather than a non-profit organization. As she gazed outside her office window in the Stockholm's Old Town; Marika Markovits, the director of Stockholms Stadsmission [SSM], pondered on options for managing SSSH's stores, a profitable commercial engine to finance SSM's social activities. Markovits thought: "*Who are we? What are our espoused values?*". The question emerged, to separate the revenue-driven activities from the non-profit SSM and form a company; or was there a better way to handle the relationship between the two? Although SSSH's stores operated very similarly to private-sector retail stores; she noticed that - in the shadow of prevailing market-driven practices were the individuals receiving training to become employable in the regular labor-market. At that moment, an idea was born which would embark SSSH on a whole new journey. Nine years later, SSM's homepage (2014) states regarding their stores: "*People are the goal-money is the means*".

In the past decades, there has been a rising tendency for non-profit organizations to form new commercial ventures for generating income to finance social missions (Emerson and Bonini,2003); a hybrid organizational form commonly referred to as the *social-purposed business, non-profit venture* and/or *social enterprise* [SE] (Cooney,2006). Numerous debates have been devoted to these hybrids, which seem to blur those frontiers which have been deliberately constructed – between actions for social good and private good; and between being a non-profit organization and a for-profit enterprise (Evers,2001). These debates have been further intensified in the cases of SEs offering work-integration services [WISEs] where training and skill-development of marginalized people is combined within an enterprise building on both non-profit social dimensions and trading in the private market (Spear and Bidet,2005). In line with this, a multitude of stakeholders pose expectations on SEs', such as e.g. employees, managers, volunteers, donors, customers, public authorities, local communities, firms or any other category having interests in the organization (Defourny et al,2006). It is argued that meeting these expectations is detrimental for organizational survival, as organizations must on one hand acquire *resources* necessary to realize their objectives; and on the other, *legitimacy* of operations (Brunsson,1994).

The increasingly pluralistic institutional environments of the modern society where ideal types tend to step aside giving room for a plethora of institutional hybrids (Greenwood et al.,2011) is a phenomenon undoubtedly imaged in WISEs. For endowing the knowledge of tomorrow's melding society it therefore becomes important to understand how these socially driven organizations not only act as market or social means, but also how they handle the co-existence of manifold social constructs of collective identities, values and expectations; giving rise to different logics which infuse them with content and meaning (Thorton and Ocasio, 2008).

"We need to reverse three centuries of walling the for-profit and non-profit sectors off from one another. When you think for-profit and non-profit, you most often think of entities with either zero social return or zero return on capital..."

Clearly, there is some opportunity in the spectrum between those extremes."

-Bill Drayton-

Problem Discussion

What is evident from the previous literature is that SEs face competing and contradictory demands from being caught between their non-profit social and for-profit commercial activities (Spear and Bidet,2005; Defourny et al.,2006), thereby giving rise to the *Social-Welfare* logic and the *Commercial* logic (Pache and Santos,2013). Cooney (2006) points that tensions oftentimes occur in aligning their missions; where according to Smiddy (2010), the very term *social enterprise* denotes contradiction and ambiguity; and thereby the risk of *mission drift* (Dees,1998; Cooney,2006; Toepler,2004). It has however been suggested that hybrid organizations are able to handle their contradictory demands by selectively coupling elements from each logic (Pache and Santos,2013). Nonetheless, as noted by Greenwood et al. (2011) and Battilana and Lee (2013), research explaining how WISEs accomplish incorporating elements from their prevailing logics is still fairly nascent. Pache and Santos (2013) adhere to this view by encouraging further research to examine how hybrids configure various elements at an intra-organizational level. What is more, previous studies on institutional logics continuously omit to address that certain WISEs such as SSSH, receive public remuneration for the individuals enrolled in their work-training programs, which implies that they operate also in the public market where tax-payers' money is used for buying their services (Hjukström and Perkiö, 2011:3). Consequently, as SSSH obtains revenues from charity-retail goods/services *and* from work-training; it can be questioned whether the prevailing *Social-Welfare* logics and *Commercial* logics as suggested by Pache and Santos (2013) and Battilana and Lee (2013) are sufficient for explaining existing logics within SSSH and how they manage their multiple institutional demands.

We consequently identify two research streams essential for an integrative examination of handling legitimacy expectations stemming from multiple institutional environments of SEs. The first literature stream entails research on contradictory practices and prevailing beliefs in the institutions of modern western society's also known as ***institutional logics*** (Thornton and Ocasio,2013; Friedland and Alford,1991). The second identified research stream builds upon ***resources and mechanisms used*** for aligning multiple missions and identities in the case of SEs (Evers,2001; Evers,2004; Defourny and Nyssens,2010; Spear and Bidet,2005). Therefore, while one research stream explains what originally gives rise to institutions and organizations in the form of institutional logics, the other builds upon what organizations aim to accomplish in terms of their missions; which is why we perceive them as embedded, interrelated and complementary.

Research Purpose and Identifying the Research Gap

It is our observation that the two aforementioned literature streams have not been previously collectively utilized for depicting the contradictory practices and prevailing organizational beliefs in the form of institutional logics and how coping with dual missions is accomplished. We furthermore recognize that the previous research also fails to provide a holistic rationale for the emergence and developments of institutional logics. While on one hand, the first identified research stream examines institutional logics by primarily drawing upon generic logics stemming from the for-profit and non-profit status of organizational activities; i.e. social and commercial (Pache and Santos,2013; Battilana and Lee,2013); it tends to overlook providing a comprehensive explanation of where these logics transpire from; and how they are subjected to change and may give rise to organizational change. On the other hand, the second identified research stream does explain how contending missions are coupled; however without considering how institutional logics play a part in the

vigorous choice of selecting and implementing different sets of initiatives in aligning their multiple sectorial expectations.

Consequently, this thesis aims to provide a rounded approach by elucidating the influence of a complex institutional environment (*new institutional theory*), what it pervades into institutions (*sector theory*), how this is infused into organizations and their prevailing beliefs (*institutional logics theory*); and lastly which coping mechanisms hybrids such as SEs employ in their multifaceted institutional setting (*hybridization mechanisms*). Moreover, the study will be performed in the form of a historical analysis of SSSH where we will draw upon important milestones stemming from the very roots of Stockholms Stadsmission in the mid-1800s - to the present date; thus illuminating a historical time-span of 160 years of institutional pressures, challenges and developments. In line with this, our study is guided by the following research questions:

Which institutional logics exist in social enterprises standing at the crossroads of multiple sectors?

What do these logics encompass?

How do they develop?

Can they co-exist?

If so, how?

-the case of Stockholms Stadsmission SecondHand-

Delimitations

At present, there are seven Stadsmissions in Sweden - Stockholm, Kalmar, Västerås, Gothenburg, Skåne, Uppsala and Linköping; thereby encompassing seven legally independent organizations all operating secondhand stores; however with no formal bonds or coordinating mechanisms (David Sundén,2013). The following study is geographically limited *only* to the metropolitan area of Stockholm, Sweden. This decision was influenced by the intention to maintain a coherent empirical sample which underwent similar developmental processes and external influences. Stockholms Stadsmission comprises four main social initiatives: social-, educational-, voluntary-driven operations and social enterprise; however this study will only look into the last entity with a specific sub-focus on SSSH (see Appendix I). This decision is driven by the very different nature of operations between the entities; where a broader study focus would have carried difficulties in obtaining coherent and in-depth understanding of the researched phenomena. By deciding to solely focus on SSSH, we are able to study charity-retail operations involving work-integration and thoroughly grasp complexities involved. However, the study will also incorporate events at Stockholms Stadsmission at large, as the theoretical backbone of this thesis relies on new institutional theory which requires a deliberation of external embeddedness and interrelatedness in the institutional environment (Meyer,2007; Meyer and Rowan,1977; Furusten,2013).

Research Disposition

Below follows an illustration of this thesis' disposition that will guide the reader towards the answers to our research questions.



II.

Previous Research

This section presents a literature overview important for grasping significant considerations concerning second-hand charity retailers as social enterprises and four streams of research which we identified as relevant, counting: acquisition and disposal of goods, operational changes and organizational missions.

II. Previous Research

To introduce the reader to complexities pervaded in SEs invested in charity-retail, we identified four streams of previous research which target these organizational phenomena from different complementary standpoints. The first research stream investigates *consumer disposal of goods*, where as stated by Hibbert, Horne and Tagg (2005) the prevalent focus lies on recycling, sustainability, environmental impact and motivations behind supply and procurement of goods solds (eg. Birtwistle and

Moore,2007; Klouda,2007; Albinsson and Perera,2009; Birtwistle and Bianchi,2011; Palm,2011; Seyfang and Groomes,2012). Besides disposition, another integral part of the re-use cycle is **acquisition** (Seyfang and Groomes,2012). Consequently, the next identified research stream targets understanding the *charity-retail customers*; through marketing strategies, profiling and purchase motivations (eg. Parsons,1999; Goodall,2002; Bardhi and Arnould,2005; Roux and Guiot,2008; Seyfang and Groomes,2012). Parsons (1999) argues for reconsideration of the traditional charity-retail shops' image portraying them as cheap clothing and household good suppliers to low-income customers; where today organizations with specific moral agendas create commercial spaces targeting fashion-driven customers who do not necessarily have the same moral focus (Brace-Govan and Binay,2010; Roux and Guiot,2008; Seyfang and Groomes,2012; Bardhi and Arnould,2005).

Parallely to disposal and acquisition, the previous literature also examines **operational changes** in charity-retail itself, commonly described as increased professionalization reflecting similarities to the private retailing sector and encompassing image enhancement, shop standardization, segmentation and specialization (Broadbridge and Parsons,2003; Parsons,2004; Horne,2000; Maddrell,2000). Charity shops are increasingly more likely to be managed by executives or professional retail managers (Maddrell,2000; Broadbridge and Parsons,2003; Parsons,2004) who introduce writing plans, evaluative tools and benchmarking (Hwang and Powell,2009). Additionally, Maddrell (2000) depicts introduction of paid staff, stock control, higher profile uniform branding, displays and sales targets. The merchandise mix has also evolved, where many charity shops engage in developing product valuation expertise, centralized sorting and distribution (Chattoe,1999) and see their future in niching, offering extensions, and diversification and even bought-in goods for sale (Horne and Broadbridge,1995; Paddison,2000; Parsons,2002). However from this body of research rises an important reflective stance problematizing professionalization in charity-retail oftentimes defined in commercial terms (Broadbridge and Parsons,2003); stressing that it is very important not to assume that importing techniques from the private-sector — is suited to charity-retail or will necessarily lead to profitability or social impact improvements; as pointed by Chattoe (1999) and Parsons (2004).

Analogous to the raised concerns regarding commercialization of charity-retail; another line of research targets the **mission** of these organizations and how they incorporate dual philanthropic and commercial motives (Dees,1998; Horne,2000; Cooney,2006; Toepler,2004). The purely *philanthropic motives* are described as purpose-driven, based on social values and where operations are performed by volunteers and financed by donations and/or grants; whereas the purely *commercial*

motives are those market-driven and concerned with self-interest, economic value and where operations are performed by paid staff and financed through market-rate capital (Dees,1998; Horne,2000). Consequently, Dees (1998) argues that SEs may deviate from their original social purpose as they transition from purely philanthropic to purely commercial motives and procedures and thus risk encountering internal resistance and loss of perceived legitimacy (ibid; Maddrell,2000). This view is further elaborated by Cooney (2006) who argues that charity-retail organizations display *multiple sector membership* (Hyde,2000) by combining different institutional elements, i.e. from the non-profit- (charity), the public- (social purpose) and/or the private sectors (retail business); and thereby facing legitimacy problems due to strong existing views and expectations deeply rooted in the minds of people of what constitutes a particular sector (Goodall,2002; Toepler,2004). Additionally, the raised concerns of conflicting demands and mission drift, are further intensified in WISEs working with training and coaching individuals back into the regular workforce by hiring them to produce goods and/or services for commercial sale; thus believed to inherit competing logics of *Social-Welfare* and of *Commercialism* (Pache and Santos,2013). Research further points to that WISEs oftentimes resort to strategies of *selectively coupling* and internally incorporating intact elements from each logic (Pache and Santos,2013), rather than resorting to strategies of *decoupling* (Elsbach and Sutton,1992; Fiss and Zajac,2006; Meyer and Rowan,1977; Westphal and Zajac,2001) or *compromising* (Oliver,1991; Rowan,1982); as typically suggested organizational responses under conditions of competing institutional demands.

III. Theoretical Framework

III.

Theoretical Framework

This section is divided into two chapters. Chapter I explains organizations' embeddedness within their institutional environment comprised of sectors, institutions, logics, and how organizations navigate within the environment; as well as how logics can change or act as drivers of institutional change. Chapter II provides an understanding of what defines a social enterprise and how these organizations manage multiple institutional logics and missions.

CHAPTER I: When Institutional Environments and Logics Meet

Part 1. Institutional Environment

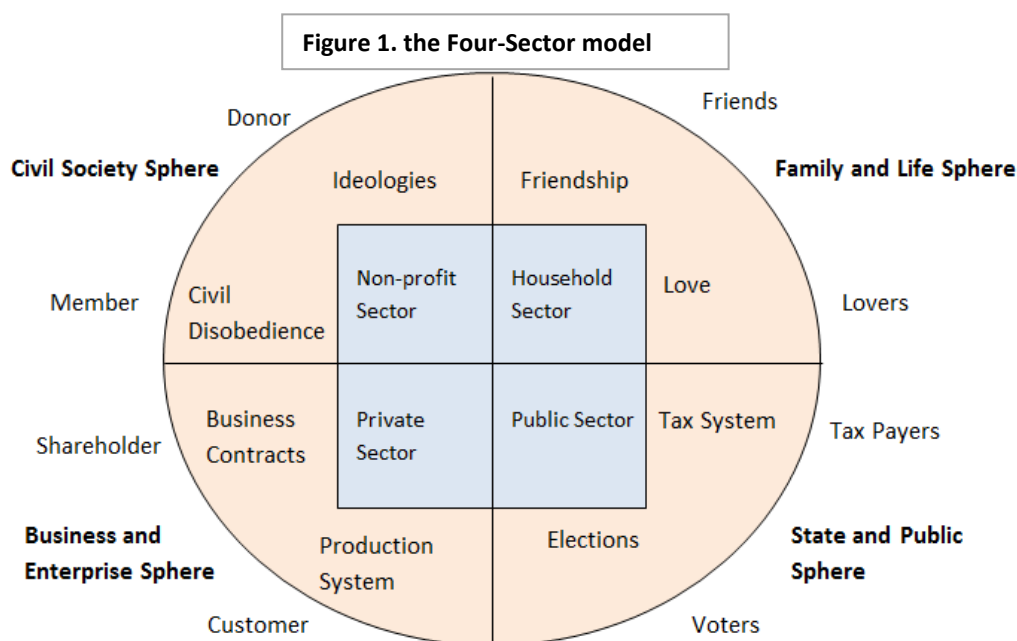
Organizational studies have devoted substantial attention to problematizing the dependency of actors - whether individuals, organizations or nation states, on their external environments (Meyer,2007; Meyer and Rowan,1977). DiMaggio and Powell (1983) identify and discuss the diffusion of similar organizational strategies and forms, commonly referred to as *isomorphism*, coerced through both explicit structures and policies imposed, as well as through implicit norms and

standards. As Covaleski and Dirsmith (1988:63) explain "*the general theme of the institutional perspective is that an organizational survival requires to conform to social norms of acceptable behavior*". Thereby the supraorganisational patterns act as symbolic systems through which they categorize activity and infuse their meaning (Friedland and Alford,1991). In this view, institutions are founded on the collective understanding of what defines organizations and their actors, sets of appropriate behaviors and structures, and the composition of the environment they are embedded within (Brunsson,1998; Friedland and Alford,1991). Consequently, organizations are governed both by the observable and unobservable external pressures; which is oftentimes referred to in the literature as the *institutional environment* encompassing the social, legal and mental structures organizations are embedded in (Furusten,2013). Hence the collective and mutually interconnected institutional environment (DiMaggio and Powell,1983) puts pressures on organizations to behave in certain ways (Engwall,2006). Consequently some organizational practices and behaviors have become more legitimate than others; where efficiency, measurability and control have gained a highly prominent status by synonymously being associated with organizational success (Ritzer,2004). The ever increasing calculable practices are thereby perceived to further contribute to the rising incorporation of isomorphic organizational practices; a recursive process which leads to important implications in *new institutional analysis* (Hwang and Powell,2009). As a result, the integral component of the modern society's culture becomes being able to estimate performance by establishing formal and standardized structures and oftentimes thinking in terms of quantity rather than quality (Meyer,2007; Furusten,2013). Consequently, specialization of expertise and distinct competence centers emerged as means for organizations to obtain *true* expertise in a certain areas (Furusten,2013).

1.1. Positioning and Logics in the Institutional Environment

Similarly to Wijkström and Einarsson (2006), we perceive that the society consists of *distinct spheres* each comprised of different sets of organizations which together produce sectors. Traditional views of dividing the society into sectors include the *two-sector model*, where the market and the state are perceived as two distinctive spheres from the family sphere (Salamon,2010); and the *three-sector model*; where apart from the market and state there exists a *third sector* consisting of organizations not belonging to neither one, e.g. non-profit associations (Spear, Cornforth and Aiken,2009). While the two-sector model does not account for non-profit organizations, the three-sector model does not

necessarily distinguish between the non-profit and the family sector, thus in our opinion not providing an accurate reflection of the society. Therefore, we perceive that Wijkströms and Einarsson's (2006) *four-sector model* counting the *state and public*-, the *business and enterprise*-, the *family and life*-, and the *civil society* (where non-profit organizations are placed) as four distinct spheres; will provide our study with more precise and relevant conclusions with regards to the identification and development of prevailing institutional logics. Within this model, organizations can be categorized based on their unique features portrayed in four common ideal types of institutions: *the State, the Company, the Family* and *the Association* each emerging in their own particular and distinct way; e.g. *Association* from *Ideology* (ibid.). Although deviations may occur; a sector refers to a group of organizations of similar type, where four main clusters can be distinguished: a *public*-, *private*-, *household*- and *non-profit* sector. In this view, a sphere entails more than merely organizations but also different roles people take on, e.g. as *donor* or *member* of a non-profit association, as illustrated in *Figure 1* (ibid).



Similarly to Wijkström and Einarsson's (2006) four-sector model; Friedland and Alford (1991) identify market capitalism, state bureaucracy, political democracy, nuclear family and the Christian religion as contending institutional orders within the western society; each representing a different central logic of *symbolic and material* practices. In this view, each institution with its attributed logic guides the legitimate organizing principles and provides social actors with vocabularies of motives and identities (ibid). Hence the previously mentioned institutional ideal types constrain resources and outcomes of individual behavior and by doing so lay the foundation of organizations and society. Thornton and Ocasio (1999) advocate analyzing of institutions' structural, normative and symbolic/cognitive elements as they are all perceived as necessary and complimentary dimensions; which can further develop and alter institutions due to their interplay.

1.2. *Blurring of Sectors and Logics*

It is however important to acknowledge that boundaries between spheres and sectors are porous and not sharply drawn, but can rather be understood as clusters of ideal types of organizations which may cross boundaries and combine different logics embedded in different spheres (Wijkström and Einarsson, 2006). Friedland and Alford (1991) accord with this view, and argue that institutions create

patterns which shape individual and organizational interests and repertoires of behaviors by which to attain them; yet in contradictory ways giving foundation to multiple institutional logics. Consequently, a substantial body of literature has examined institutional logics across numerous industries and sectors, predominantly depicting dual and oftentimes conflicting logics; e.g. editorial and market logics (Thornton and Ocasio, 1999); medical profession and market logics (Scott et al., 2000), regulatory and market logics (Lounsbury, 2002), fiduciary and corporate logics (Thornton, Jones and Kury, 2005), administrative and managerial logics (Meyer and Hammerschmid, 2004), science and market logics (Powell and Sandholtz, 2012), health care and academic logics (Dunn and Jones, 2010) etc.

Related to the prominent concept of *Market* is the logic of *Commercialism*, perceived as embedded into the larger societal *Market* logic (Friedland and Alford, 1991), focusing on for-profit entities striving to increase returns by mobilizing paid professionals, prioritizing efficiency and ultimately distributing profits to owners (Pache and Santos, 2013). To be perceived as rational market actors (self-sufficient, effective, results-oriented and productive); market units should become *real organizations* by acquiring distinct identities and *autonomy* (Furusten, 2013). However, a special yet even more precise form of organization which is increasingly becoming the societal norm is *a company*, denoting that if organizations are to operate in markets they also ought to be profit-driven and competitive; thus market situations emerging in more and more contexts (Furusten, 2013). In recent decades, public sector organizations and private companies have increasingly organized like market actors by striving to operate in a business-like manners in order to become better suited for competition (Furusten, 2013). As a consequence, it proved a difficult task drawing clear boundaries between different organizations and their sectorial memberships (Hyde, 2000); as organizations are interwoven with various personal and professional relationships, information and regulatory frameworks; and consequently to the same overall contexts such as industry or sector (Furusten, 2013).

Albeit the contrary environmental elements, organizations have developed a rising tendency to combine characteristics of more than one institution (Brunsson, 1994) e.g. from the public-, private- and/or non-profit sector; and are accordingly defined as hybrid organizations (Battilana and Dorado, 2010). Consequently, the all increasing prevalence of hybrids can be explained by the growing presence of pluralistic institutional environments (Greenwood et al., 2011; Pache and Santos, 2010; Seo and Creed, 2002). Becoming a hybrid is in general accomplished by picking up individual features of other kinds of organizations, realizing other institutional types and/or adapting to the environment which leads to change of their institutional affiliation; processes which risk institutional confusion (Brunsson, 1994). As result, these organizations are more likely to face heightened challenges from pressures (Brunsson, 1994; Lounsbury, 2007b; Thornton and Ocasio, 2008) as the institutional elements they embody are not always compatible (Greenwood et al., 2011) and thereby risk damaging the perceived legitimacy from the institutional environment (Lounsbury, 2007b; Thornton and Ocasio, 2008).

1.3. Navigating the Institutional Environment: Organizational Responses

It is important to note that organizations' deep integration and interdependence with a continuously evolving society) is not deterministic (Steiner and Steiner, 2011); instead organizations have the vigorous choice of being reactive and playing by the rules of the game or taking a proactive stance

and defying and/or attempting to change the rules of the game (Oliver,1991; Steiner and Steiner,2011; Furusten,2013). Oliver (1991) expounds that the probability of organizations to comply, defy or change the institutional pressures is governed by multiple factors such as: social legitimacy and economical gain perceived attainable; degree of dependence on multiple stakeholders; and legal constraints related to compliance/resistance to the institutional pressures. Furthermore, Oliver (1991) explains that defying the rules of the game takes form in organizations choosing to co-opt by influencing key stakeholders; changing values and criteria; or achieving control by dominating the stakeholders and processes. Organizational response strategies for handling various institutional pressures typically suggest resorting to common responses of organizational *decoupling* (Furusten,2013; Elsbach and Sutton,1992; Fiss and Zajac,2006; Meyer and Rowan,1977; Westphal and Zajac, 2001) and *responsibilization* (Alexius,2011). Decoupling involves organizations separating between ‘talk’, ‘decision’ and ‘action’ (Brunsson,1993) by taking apart different activities (Furusten, 2013). Whereas, responsibilization implies that organizations shift forward responsibility onto others, e.g. other stakeholders such as customers; and thereby elude themselves from dealing with pressures (Alexius,2011).

Part 2. Institutional Logics: a Tool for Analysis

The theory of institutional logics emerged from the *new institutional theory* and was for the first time introduced in 1985 by Friedland and Alford in an attempt to describe contradictory practices and prevailing beliefs in the institutions of modern western societies (Thornton and Ocasio,2013). During the 1990’s Friedland and Alford (1991) further built onto the concept, together with empirical work done by Haveman and Rao (1997), Thornton and Ocasio (1999) and Scott et al (2000) which made institutional logics a complementary approach to new institutional analysis (Thornton and Ocasio,2008). The institutional logics approach is concerned with defining the content and meaning of institutions in a larger variety of contexts e.g. within markets, industries and sectors, and how they may vary between individuals and organizations. (Thornton and Ocasio,2008). By providing a link between institutions and actions the institutional logics approach is supposed to offer a bridge between the macro perspective (societal level) and micro process approaches (organizational fields) (Thornton and Ocasio,2008; Meyer and Rowan,1977; DiMaggio and Powell,1983;1991).

Thornton and Ocasio’s (1999;2008) structural, normative and symbolic/cognitive view of institutional logics perceives them as socially constructed historical patterns of material practices, norms, values, principles and rules by which individuals create and re-create meaning to their social reality. Consequently, the institutional logics approach adheres to five core theoretical assumptions (Thornton and Ocasio,2008). The first assumption suggests that the interests, identities, values and expectations of individuals and organizations are *embedded* within reigning institutional logics, implying their partial autonomy (Jackall,1988; Friedland and Alford,1991; Thornton and Ocasio,1999). The second assumption refers to the conceptualization of society as an *inter-institutional system of societal sectors*, each sector representing a different set of expectations for social relations and human as well as organizational behaviour; which allows sectors to potentially be influenced by contending logics (Friedland and Alford,1991; Thornton and Ocasio,2008). The third assumption implies that each institution inherits *material and cultural characteristics* that develop and change as the two elements interact with each other (Friedland and Alford,1991). The fourth assumption infers that institutional logics may develop at a variety of *different levels*; e.g. within organizations, industries, markets and even within inter-organizational networks; which is why Thornton and Ocasio, (2008) suggest conducting multi/cross level research. The final assumption argues that

institutional logics ought to be analyzed in their *time/place context*, as one logic in play may change over time (Thornton,2004).

2.1. Drivers of Change in Institutional Logics

Institutional entrepreneurs, structural overlap and event sequencing are identified as the three main mechanisms which may lead to shifts in institutional logics (Thornton and Ocasio,2008). As each institution has its own central logic of symbolic and material elements; contradictory practices and beliefs are common amongst institutions holding conflicting logics (Friedland and Alford,1991). In addition, Thornton and Ocasio (2008) explain that the contested rivalry between logics is an antecedent or consequence to changes in existing institutional logics.

2.1.1. Institutional Entrepreneurs

According to DiMaggio (1988) institutional entrepreneurs are actors who have a hand in shaping and building institutions in the pursuance of their interests. In this view, the creation of institutions arises when institutional actors import and export cultural symbols and practices from one context to another (Thornton and Ocasio,2013); e.g. an influential actor importing practices from a for-profit context into a non-profit organization.

2.1.2. Structural Overlap

Thornton (2004) explains that structural overlap occurs when previously distinct individual roles and organizational structures are forced into affiliation. Moreover, Greenwood and Suddaby (2006) argue that structural overlaps across systems create opportunities for institutional entrepreneurs to pursue change because of previously distinct logics and accompanying contradictions; e.g. a merger of two distinct organizational entities into one.

2.1.3. Event Sequencing

Sewell (1996) defines events as relatively rare happenings that significantly transform structures. Based on this definition, Thornton and Ocasio (2008) describe event sequencing as the historical and sequential unfolding of individual events that dislocate, rearticulate and transform the interpretation of cultural symbols, social and economic structures; e.g. a crisis triggering organizational change.

2.2. Institutional Logics as Drivers of Change

According to Thornton and Ocasio (2008) *attention* is the leading mechanism to expound how institutions moderate organizational efforts, and by doing so affects individual and organizational action. Ocasio (1995) further argues that institutional logics guide attention; which consequently affects the perception, interpretation and evaluation of solutions and problems. Accordingly, this provides decision makers with an understanding of their organizational interests and identities (Ocasio,1997). Three mechanisms explained below support how attention may shape organizational action (Thornton and Ocasio,2008).

2.2.1. Collective Identities and Identification

According to Tyler (1999) and Brickson (2000) individuals identifying themselves with the collective identity of a social group are more likely to cooperate and tolerate prevailing norms and prescriptions (Polletta and Jasper,2001; Kelman,2006); as well as to protect the interests of the collective against contending identities (Tajfel and Turner, 1979). Consequently, Jackall (1988) argues that social groups develop their own distinct institutional logics over time as the collective identities become institutionalized.

2.2.2. Contests for Status and Power

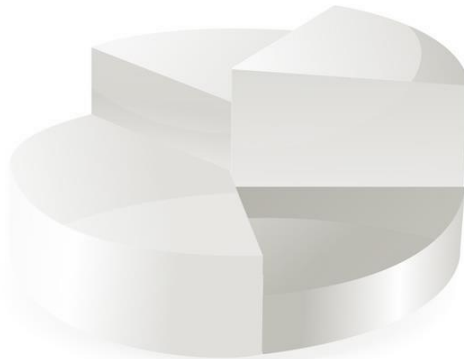
Institutional logics in organizations are reputed to both create and shape the rules of the game and to accordingly govern relationships by which power and status are gained, sustained and lost (Jackall,1988; Ocasio,1999; Lounsbury and Ventresca,2003). Consequently, the conditions for reproduction of prevailing institutional logics depend on the way organizational actors interpret them and use them for gaining status and power (Thornton and Ocasio,2013).

2.2.3. Classification and Categorization

Mohr and Duquenne (1997) argue that agents within organizations are provided with socially constructed systems of classification that constitute categories of organizational actors, e.g. CEO, manager etc.; thereby serving as basic units of cognition and deliberate behavior stemming from prevailing institutional logics (Thornton and Ocasio,2008). Rao et al. (2003) further build on this by arguing that changes in institutional logics can lead to the creation of new categories or altering of existing ones (Ruef,1999; Ocasio and Joseph,2005).

Overview: Institutional Environment and Institutional Logics

Society divided into a collection of **sectors**



Picture 1.

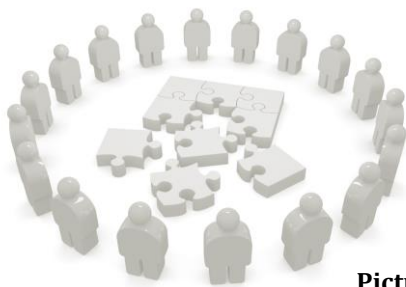
Sector:
Cluster of similar organizations

Institution:
Collective understanding of what defines organizations, actors, appropriate behavior, and what constitutes their institutional environment



Picture 2.

Institutional logic:
Socially constructed historical patterns of material practices, norms, values, principles and rules by which individuals create and re-create meaning to their social reality



Picture 3.

Internally

Externally

Institutional Environment
The observable and unobservable external pressures; social, legal and mental structures, which organizations are embedded in and that determine legitimacy from their institutional environment

Logics as Drivers of change

Allocating *Attention* through:

Collective identity
Contests for status and power
Classification & Categorization

Drivers of change in Logics

Institutional Entrepreneurs
Structural overlaps
Event-sequencing

CHAPTER II: When Multiple Missions and Logics Meet

Social enterprises can be perceived as not purely belonging to neither the public, non-profit or private sector (Wijkström and Einarsson,2006). Hence, the SE concept is perpetuated with varying viewpoints of what constitutes them. In the US, the notion of SE regards organizations providing services typically offered by the *non-profit sector*; whilst in Europe there is a narrower focus on providing services aimed at resolving problems of chronic and structural unemployment (Doeringer,2010) . An even more precise definition of SEs by Culley and Horwitz (2012) involves the incorporation of structures and incentives typical for profit-seeking businesses into organizations with charitable goals. Another view parallels SE to “*any business organization which takes into account human society or the welfare of human beings*”; thus also encompassing entities or organizations operating in the *commercial sector* yet driven by core interests traditionally associated with the non-profit sector (Doeringer,2010: 292,293). Smiddy (2010) brings the varied views of SEs' sectorial belonging together by regarding them as hybrid organizations, either for-profit or non-profit, with dual purposes of both achieving profitability and benefits to the society; arguing that the very name *social enterprise* reflects the hybrid nature.

Part 1. Institutional Missions and Logics

Whether for-profit or non-for-profit, SEs must balance tensions accompanying their double-streamed missions (Emerson and Bonini,2003; Defourny et. al,2006). Smiddy (2010) complements this view by stating that the dual purposes from engaging in a profitmaking activity and furthering a social good must be at least co-equal, where the charitable goal should outweigh the profitmaking activity but not to the extent of harming the SE's financial status. Additionally, Reiser (2010) claims that SEs eventually reach the point of conflict and trade-off of serving dual missions. Therefore, there is a rising concern that non-profits utilizing new businesses in wealth-building will eventually compromise the social mission and get caught between the competing demands (Emerson and Bonini,2003).

Although SEs do typically vary in the specifics of their social mission, they all by definition enact a *Social-Welfare logic* which outlines the legitimate goals and means of pursuing them; inferring that the *Social-Welfare logic* can be described as “*an organizing template for a distinct type of organizational activity that pursues social goals*” (Battilana and Lee,2013:p.6,7). Similarly to this view, Pache and Santos (2013) outline the main characteristics of the *Social-Welfare logic*, encompassing: the perceptions of the appropriateness of the organizational *goal*, *organizational form* to achieve that goal; *governance mechanisms* and the sources of *professional legitimacy*; as presented in the table below.

Table 1.	
Characteristics	Social-Welfare logic
Goal	Make products and/or services available to address local social needs.
Organizational Form	The non-profit form (association) is legitimate because of its ownership structure giving power to people who adhere to a social mission. The non-distribution constraint ensures a real focus on the social goal.
Governance Mechanism	Democratic control, which is by law, constitutive of the association status, is the appropriate way to monitor a strategy and operation; allowing organizations to take into account local social needs.
Professional Legitimacy	Professional legitimacy is driven by contribution to the social mission.

Accordingly, stemming from their private-market operations, Pache and Santos (2013) depict the *Commercial* logic; as the competing belief system to *Social-Welfare* logics in the case of SEs; illustrated in the table below.

Table 2.	
Characteristics	Market and Commercial Logic
Goal	Sell goods and/or services on the market to generate economic surplus that can be legitimately appropriated by the owners.
Organizational Form	The for-profit form is legitimate because its ownership structure allows it to channel human resources and capital to areas of higher economic return.
Governance Mechanism	Hierarchical control is the appropriate way to monitor strategy and operations in a way that ensures consistency of products and services and efficient allocation of resources.
Professional Legitimacy	Professional legitimacy is driven by technical and managerial expertise.

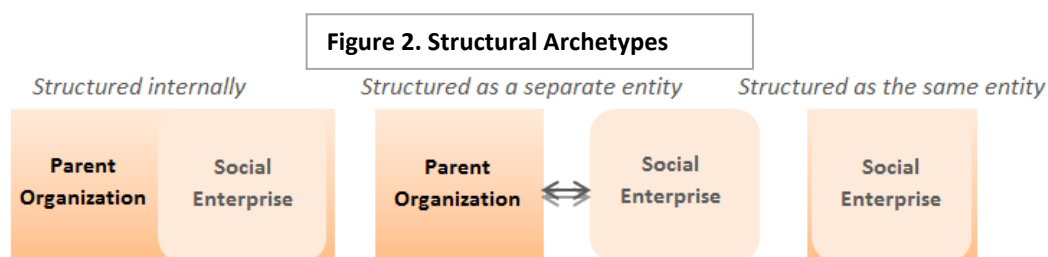
Part. 2. Balancing Multiple Missions

Battilana and Lee (2013) problematize that since SEs combine aspects of both logics as discussed by Pache and Santos (2013), they consequently exist between institutionally legitimate categories of organizations. It therefore becomes particularly challenging to handle the tensions between logics as SEs cannot rely on any “ready to wear” coping models (Battilana and Lee,2013). The potential for the creation and maintenance of SEs is highly dependable on the surrounding environment and on the interests of stakeholders from the state (Evers,2001), market and civil society (Evers,2001), however, their impact might substantially vary (Evers, 2004). Consequently, Eldar (2014) and Evers (2004) advocate WISEs superiority to effectively allocate missions over traditional non-profits by employing *hybridization mechanisms* for addressing the conflicting issues; which will be further elaborated upon in the following sections.

2.1. Establishing Identity through Compound Resources

SEs invested in work-integration frequently draw upon diverse funding sources faceted by various requirements, time horizons and logics of operation (Spear and Bidet, 2005). The majority of SEs produce goods and/or services partially relying on ***income from sales to customers***; which may originate from private organizations, public organizations and/or individuals; but also from state institutions that refund them at least to some extent for the services provided (Evers,2001; Defourny and Nyssens,2010). In the case of WISEs there is the commitment to transact both with their *patron beneficiaries*, i.e. disadvantaged workers [*participants*] and with the owners or *constituents* such as nonprofit organizations, private or public employment agencies [EAs] or government; through *contracts* accompanied by *subsidies*, e.g. training subsidy (Eldar,2014). Hence, a certain degree of income by sales often constitutes one of the reasons for calling them *enterprises* (Evers,2001). Another resource stream are those granted by institutions and municipalities in ***acknowledgement of contribution to the public good and social purpose*** providing them with the status of *charity* - most commonly through grants and/or special tax concessions (Evers,2001; Defourny and Nyssens,2010). The third element is ***social capital*** in terms of civic support which is indicated by the level of donations and voluntary engagements; consequently denoting an organization’s ability to obtain broad public provision and trust over time (Evers,2001; Defourny and Nyssens,2010; Spear and Bidet,2005). Spear and Bidet (2005) identify as the key features of SEs successfully creating and

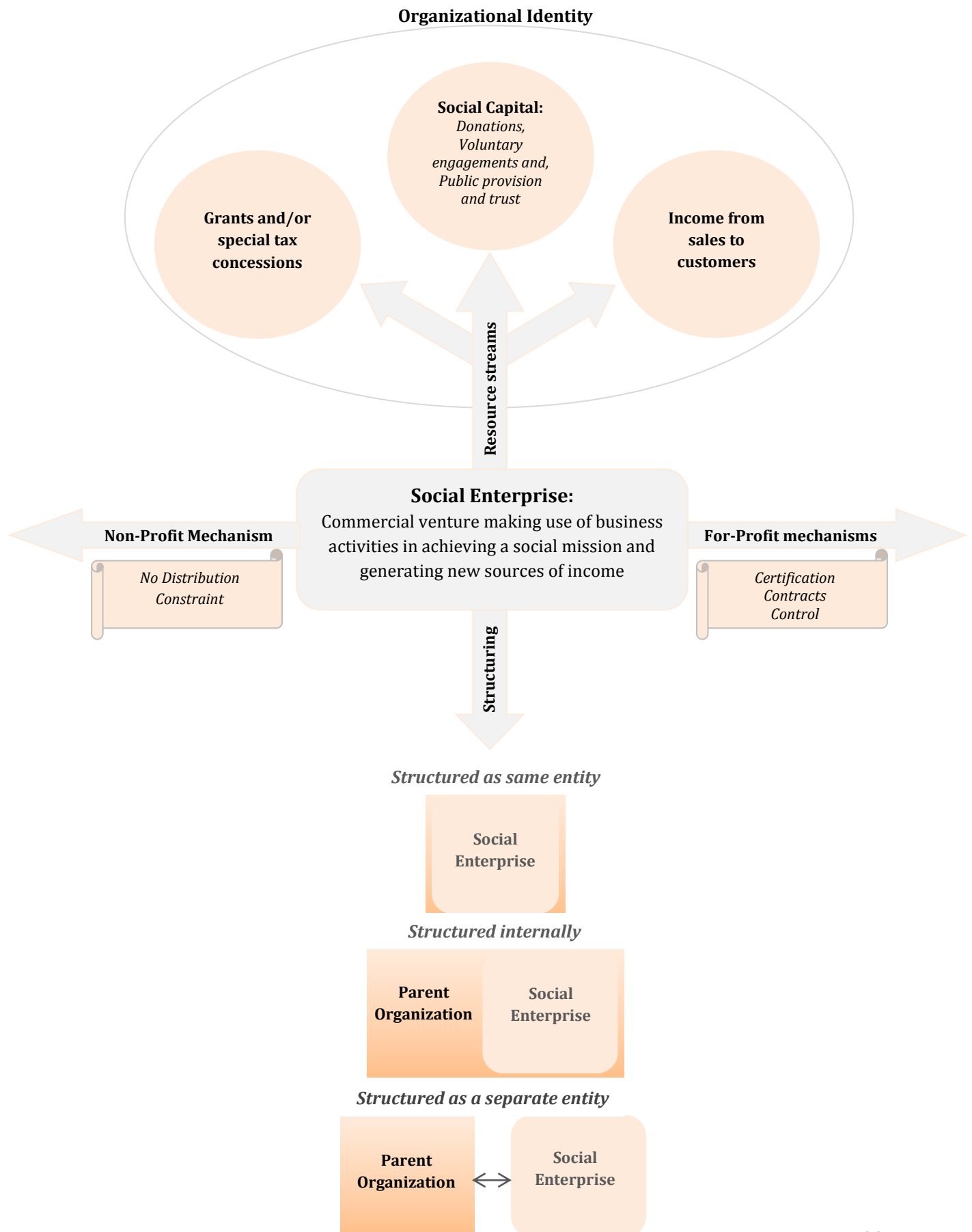
utilizing social capital: multi-stakeholder governance building on community relations and associative networks; cooperation with public stakeholders and organizational structure which enables worker involvement/participation. The more market-oriented SE's productive activity, the more it resembles being an enterprise, not merely an non-profit organization (Defourny and Nyssens,2010). The processes of hybridization can consequently contribute to finding a new and different *organizational identity* that reflects multiple roles and purposes of a social enterprise (Evers,2004). SEs are typically established as associations, co-operatives and, in some cases, may also take traditional business legal forms (Defourny and Nyssens,2010). As it is common for SEs to have a parent organization; Alter (2006) provides a framework illustrating three archetypes to better grasp possible structuring of parentally affiliated SEs (regardless of their legal form); where they may be structured *internally* within-; *separate from*- or as the *same entity* as the parent organization; see illustration below.



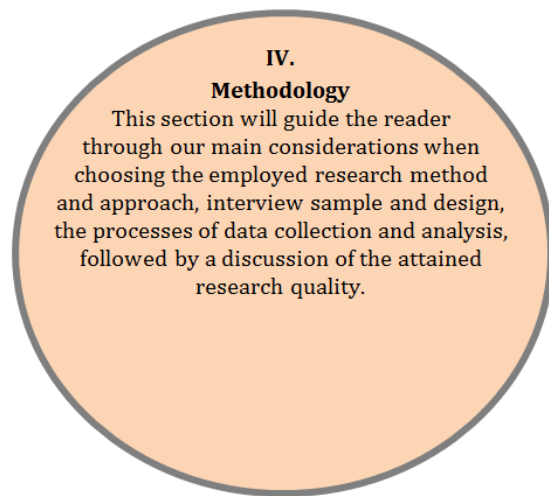
2.2. **Balancing Compound Goals through Steering Mechanisms**

SEs may choose to accommodate steering mechanisms from the private, public and/or non-profit sectors (Evers, 2004). As training of disadvantaged workers is costly it may necessitate WISEs to develop particular techniques to measure and evaluate progress in a nexus of contracts between the WISE and their patron-beneficiaries (Eldar,2014). Evers (2001) furthermore states that the cooperation with public partners should clearly acknowledge and reward SEs' work-integration initiatives instead of taking them for granted; and second, that mechanisms should be established for evaluating and specifying short-term deliverables utilized as criteria for designing contracts. Whilst a non-profit WISE relies on the *no distribution constraint* (Hansmann,2003), for-profit WISEs may use certification mechanisms, contractual mechanisms and control mechanisms, where each serves as a commitment device on their own; which may or may not be collectively utilized (Eldar,2014). Consequently, *certification mechanisms* apply where a nonprofit organization or government evaluate whether the WISE satisfies certain uniform standards; *contractual mechanisms* apply when there are contracts with a nonprofit organization, e.g. employment agency specifying the use of subsidies; whilst *control mechanisms* act as commitment devices for obtaining subsidies as they decide which categories of patron-beneficiaries are entitled disbursements (Eldar,2014). Depending on the integration objectives, some WISEs engage in providing permanent- while others provide temporary employment which may be supported by formal and/or informal training (Spear and Bidet,2005). Since a WISE must generate revenues despite being subsidized in order to remain financially viable; patron-beneficiaries' reasonable work performance is required under the transactional relationship. (Eldar,2014). Consequently, many initiatives attempt to provide *real work* experience by developing *market-oriented work cultures*, *real jobs* and *real wages* (Spear and Bidet,2005). Here, the nature of the relationship constitutes a measurement function and provides structure for reconciling WISEs' dual for-profit and non-profit missions; as they have incentives to gather information and monitor the progress of their patron-beneficiaries, thus allowing for effectively allocating subsidies; also found to be in the interests of the subsidy providers (Eldar,2014).

Overview: the Anatomy of Parentally-Affiliated Social Enterprises



IV. Methodology

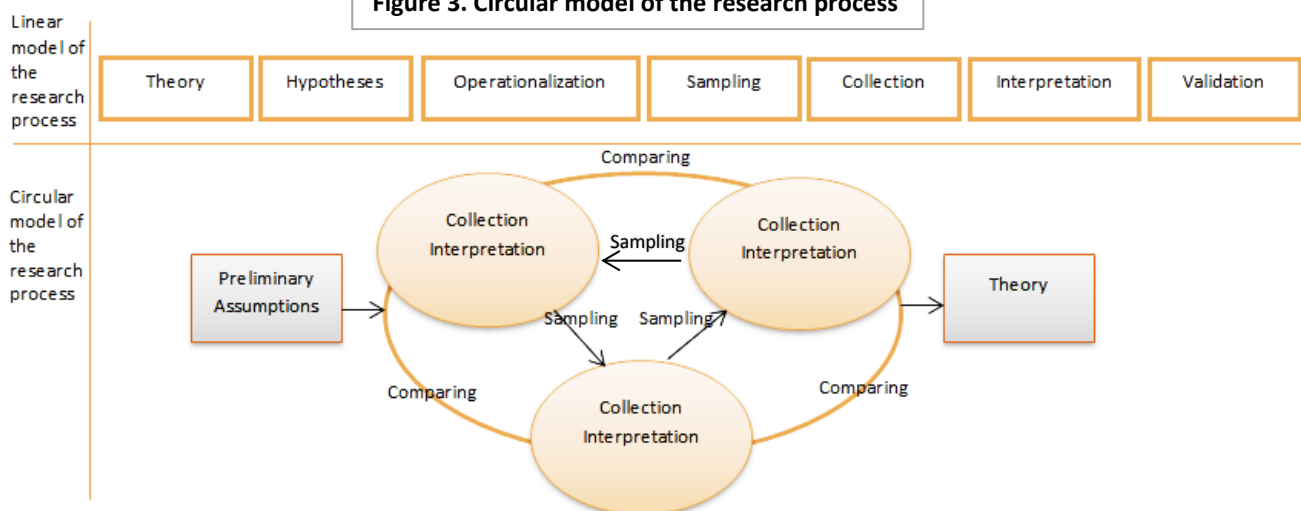


Research Method and Approach

As previously explained, the aim of this study is to understand which logics can be identified in the historical case of SSM, what they entail, how they evolve and co-exist. After having carefully evaluated the benefits and drawbacks of conducting a qualitative and/or quantitative study, we selected the qualitative method as it allows for understanding individuals' perspectives and actions, distinguishing between patterns of behavior and evaluating appropriateness of models and theories (Troost,2010; Flick,2009). While quantitative research embodies a step-by-step linear process starting off from theory,

setting a clear sampling frame and consequently finishing with the interpretation of collected data and validation of theory; in the qualitative method, sampling and interpretation decisions are continuously taken from first point of data collection along the research process, as illustrated in the figure below (Flick,2011). Therefore, as institutional logics are comprised of norms, values and beliefs (Friedland and Alford,1991), a circular model of the research process enables us to obtain a more open, flexible and nuanced understanding of the prevalent logics in the cases of SSSH and their parent SSM. Conversely, a too high degree of structure and control in data collection, interpretation and sampling as with quantitative research - would have in our perception carried risks of omitting important insights; which we therefore perceived as less appropriate and potentially even counterproductive for our research focus.

Figure 3. Circular model of the research process



The subsequent choice of a research approach can be explained as how existing theory and gathered empirical material are chosen for reflecting the examined reality as truly as possible (Patel and Davidson,2011). Since the qualitative circular model is considered suitable for finding explanations why certain incidences occur in specific contexts or conditions (Flick 2011), we identified the abductive research approach to be in line with our study aim. While on one hand *the deductive approach* utilizes established theory as a starting point for testing the obtained empirical material;

and on the other hand the *inductive approach* starts off by studying the research object through obtaining data and information and thereafter formulizing a theory; the *abductive approach* combines the two by first forming preliminary theory based on the case study, thereafter tests it through gathered empirical material and then iteratively again develops the theory (Bryman,2002; Patel and Davidson,2011). Since institutional logics introduced in the theoretical framework are emerged from generic organizational sectorial positioning; this study aims to draw upon theory and our empirical findings for depicting and problematizing on what constitutes a logic. Hence, by remaining open to influences of the four-sector framework, interrelatedness of the institutional logics, as well as to the empirical findings (i.e. competing or complementary); the abductive approach is considered to assist our goal in elucidating the existing logics in SSSH and SSM and their embeddedness in the wider context of the institutional environment.

Single Case Study

We perceive the choice of a single case-study suitable for our research as it is both a revelatory and a longitudinal case study seeking to provide in-depth understanding (Yin,2003). The former implies that we aim to analyze a previously under-investigated occurrence, in our case WISE's monetarily-endorsed participation in the public market by utilizing research bodies not previously collectively utilized; and the latter that the research object is examined from different points in time as certain conditions may change; supported by institutional logics' event sequencing (Thornton and Ocasio,2008). Therefore as different organizations have their specific missions, values and histories, a multiple case-study as an alternative research design would have potentially brought difficulties in utilizing the three major drivers of change in institutional logics as an analytical tool which would have consequently made it difficult to obtain a fine grained understanding of the investigated institutional complexities. Nonetheless, we encourage future studies to build upon this thesis' findings and examine several organizations, similar in terms of historical background, founding values and nature of operations; to pursue an investigation of commonalities in emergence and development of institutional logics.

Interview Sample

The interview sample consists of 21 individuals, exhibited in Appendix II. The study engaged many different organizational roles from managerial and operational levels in order to obtain a wide array of perspectives and experiences. The operational level involved: four *operations leaders* - which could be paralleled to store managers with a larger emphasis on personnel responsibilities specific for WISEs; three *mentors* with the responsibilities of *participants'* work-related empowerment; two *employees*; one *volunteer*; and one *work coach* – a fairly new role comprising the responsibilities to teach the sales profession to participants. Interviewing *participants* was a fairly sensitive issue so instead, mentors acted as their representatives and moreover one interviewed work coach was formerly a work-training participant. Altogether, the interview sample provided us with a comprehensive understanding concerning individuals' behaviors and attitudes to various processes, missions, pressures and challenges which arise in their daily work. To end with, after having reached an empirical satiation from the information gathering, we conducted an interview with the director of Stockholms Stadsmission as well as clarified findings with the district chief and chief responsible for production and procurement; which closed the empirical research cycle and provided us with final valuable insights from Stockholms Stadsmission's strategic top.

Interview Design

As semi-structured interviews allow for flexibility balanced by pre-determined structure, they were used as the method of choice for collecting our qualitative data (Gillham,2005). The open-question element allowed us to follow-up on interesting side-tracks derived from interviewees statements which enriched obtained empirical insights with a great level of detail (Gillham,2005). All conducted interviews shared a common structure in terms of posed questions, organized in three pillars: the first concerning *the individual*, the second concerning *activities forming a social system* and the third concerning *the overarching purpose*; similarly to the definition of what constitutes *an organization* according to Jacobsen and Thorsvik (2008:13): “...relations formed by individuals who have through contracts together formed a social system in order to reach an overarching purpose.” See Appendix III for compilation of the utilized interview format.

It is however important to note, building further upon the circular research approach where insights are continuously re-interpreted - that during the interview process certain issues reached their insight maturity while new findings emerged, thereafter yielding further explanation. This was especially relevant at an early research finding of SSSH’s formal transition to becoming a WISE; something we did not previously anticipate. As result, the focus of posed questions incrementally moved from seeking to obtain *operational and practical understanding* of SSSH processes prior to and after the transition; towards a more *critical and strategic understanding* in relation to pressures and inferences triggered by the institutional demands, in the later interviews. Thereby all interviews addressed similar common areas, however from different standpoints dependent on the stage of the interview process and the organizational role of the interviewee. Therefore, we acknowledge that in the forthcoming empirical material some voices are more represented than others; as certain roles were more directly related to our research questions, whereas others assisted us in obtaining a operational and practical understanding of SSSH’s organizational developments.

The employed interview design followed Gillham’s (2005) five guideline stages for the process of conducting interviews; entailing *preparation and initiation phases* where the interviewees were informed with the thesis and interview objectives, both initially in an e-mail and thereafter when opening the interview. We made a conscious choice of not sending out the questions prior the interview, in order to enable for spontaneous statements; rather than preparing interviewees for answers which would have risked omitting sensitive and valuable information. However two interviewees requested to see the interview questions beforehand, as the interviews were conducted over the phone. Another exception was the interview with Marika Markovits, the director of SSM, as she is a media person with limited availability. The first two phases were subsequently followed by *orientation and substantive phases*, where open-ended questions were asked such as: “What do you perceive as the biggest challenge in operating a secondhand store, while at the same time serving a charitable cause and providing work-integration”, followed by more critical and niched sub-questions such as “why is that” “where do you perceive biggest opportunities and risks lie” etc.; in order to provide further depth to the central study themes. Finally, all interviews were concluded by a *closure phase* where we summarized main points of the interview and asked for final clarifications. All seventeen interviews based in Stockholm were conducted in person at the respondents’ offices, except for final two interviews with the production and procurement department (due to their limited time-availability) and two interviews outside Stockholm.

Data Documentation and Analysis

At the opening of each interview, we asked for the permission to record and thereby enable for comprehensive data documentation which would facilitate high quality and enable for complete transcription. All respondents approved and were positive to our proposition of sending them employed quotations for approval prior to the publishing of this study. Moreover, the interviewees were also provided with the opportunity to remain anonymous; something none of them found necessary. The prevailing majority of the interviews were performed by both of us in order to reduce the possible impacts of our individual biases. In the two cases when only one of us was able to attend, the other party individually re-listened the interview recording.

In the following phase, all interviews were re-listened and transcribed, providing us with the opportunity to go through the collected empirical data and request further clarifications (Flick,2014). All transcribed recordings were subsequently printed and sorted as a part of our empirical sorting and as an initial analysis phase. Consequently, we individually grouped and compared various statements in order to independently obtain own perceptions of important milestones and triggers in institutional transitions. Afterwards, we discussed our conclusions and decided upon a common structure residing on five historical turning points of SSSH's and SSM's organizational endeavors. After having done this, we again individually searched the empirical material for common patterns, reflections and implied indications relating to institutional logics from different organizational levels in each milestone. We would also like to acknowledge the imperative of having a critical stance when analyzing interviewees' statements; however as we posed critical questions at the interview setting itself with no significant viewpoint discrepancies emerging from the obtained findings; the subsequent analysis was primarily built on unifying empirical discoveries into prevalent collective perceptions within SSM and SSSH, as suggested by theory of institutional logics (Friedland and Alford,1991).

Quality Aspects

The two most commonly used criteria for evaluating the content of empirical material are reliability, internal- and external validity (Yin,2003; Ejvegård,2009; Patel and Davidson,2011; Flick,2014). In addition, Flick (2014) adds objectivity as the fourth classical criteria for examining the acquired data which stresses researchers' need to specify research limitations in order to make an appropriate evaluation of the obtained findings. We have however chosen to discern the reservation to applicability of the classical criteria to qualitative research brought up by Guba and Lincoln (1985); and will thereby use their four alternative measures for reaching trustworthiness; further building upon the aforementioned criteria.

Credibility

Explained by Guba and Lincoln (1985) as the *truth value*; this criterion encompasses the consideration whether there is a good match between our observations and theoretical ideas studied, similarly to the traditional concept of internal validity (Yin,2003; Flick,2014); however placing a larger emphasis on researchers' and interviewees' trustworthy perceptions. Our research incorporated two techniques to increase the probability of credible findings: *prolonged engagement* and *persistent observation* (Guba and Lincoln,1985). The former initiative implies that we were open to multiple influences of our potential preconceptions and rising above them through discussions *internally*, between us as the researchers; and *externally*, between us and the respondents. The second initiative denotes the importance of building *trust* with the interviewees (Lincoln and

Guba,1985); by assuring them that their statements would not be used against them, that there were no hidden agendas, sending employed quotations for approval and providing an opportunity to remain anonymous. Moreover by asking for clarifications and summarizing own perceptions at the end of each interview¹, we hope to have strengthened our information processing and quality-proofed our findings; thus avoiding possible misinterpretations (Flick,2014).

Transferability

This criterion deals with the problem of knowing whether/or to what degree a study's findings are transferable to other settings beyond the immediate case study, which in the view of Guba and Lincoln (1985) substantially differs from the conceptions of external validity as advocated by Yin (2003). In the views of Guba and Lincoln (1985) transferability is highly dependable on the degree of empirical similarities between the study in focus and applied studies; thus making the researchers' priority to provide a comprehensive descriptive database by elucidating the study context and central research assumptions that make transferability judgments possible on behalf of potential appliers. As our study aims to provide an in-depth understanding of the institutional logics in SEs; an occurrence under-examined in previous research – we deliberately chose a single case qualitative study and thereby sacrificed the ability to generalize our findings (Yin, 2003; Ejvegård,2009) on behalf of *“the widest possible range of information for inclusion in the thick description”* (Guba and Lincoln, 1985:316).

Dependability

Dependability as a broader consideration of the traditional construct of reliability (Flick,2014; Yin,2003) encompasses researcher's need to account for changes in research context and employing a research design which facilitates future replicating studies (Guba and Lincoln,1985). As for the former phenomena we explicitly emphasize the need to acknowledge importance of the historical context by applying the technique of event sequencing in data analysis as suggested by Thornton and Ocasio (2008). Techniques for handling the latter phenomena are those seeking to minimize potential errors and biases by thorough documentation of the entire process (Yin,2003; Guba and Lincoln,1985). For the reason of enhancing the trustworthiness of the study, we preserved all data in form of interview transcriptions which we then independently analyzed, followed by milestone-set meetings for discussing our individual findings; which by doing so drew upon two investigative perspectives in data assembling, processing and analysis. Additionally we would like to note that we gathered our empirical findings in Swedish (as interviewees would have potentially been limited in fully expressing themselves in another language), yet presented them in English; which might have carried risks of certain statement becoming more neutralized while others becoming more accentuated. However, as we sent for approval our employed quotations in *English*, we hope to have decreased risks associated with translation.

Conformability

Flick (2014) distinguishes between on one hand data collection and data analysis objectivity and on the other interpretive objectivity. Contrary, Guba and Lincoln (1985) suggest that in a qualitative study the investigator is not and should not be objective as it is not possible; rather that the objectivity focus is placed on data and whether or not they are confirmable. As previously

¹ I.e. the respondents oftentimes referred to certain activities or attributes as being *“professional”* where we thereafter posed a follow-up question what *professional* means to them; which enabled us to thereafter return to the theory and elude terminology misuse.

mentioned, the data processing entailed thorough documentation in terms of interview recordings and transcripts, statement confirmations by the interviewees, and our individually conducted data interpretations followed by findings' discussions. Moreover, by also subsequently consulting with our external expert, Einarsson; with regards to the scientific trustworthiness in our application of theory and processing of empirical findings; we hope to have minimized potential misinterpretation risks.

V. Empirics, Analysis and Findings

V.

Empirics, Analysis & Findings

This section presents the empirics in a chronological time-line according to important identified events divided into two chapters. Each event is followed by an analysis and each chapter is closed with a conclusion of the main findings with regards to the pursued research questions. Chapter I describes historical development of SSM and SSSH and the unfolding of their logics. Chapter II presents challenges ahead after SSSH's transitioning into a WISE as well as how they are currently being managed.

CHAPTER I: The History of Stockholm Stadsmission SecondHand and the Development of Multiple Institutional Logics

I. Early Roots of Stockholm Stadsmission



Stockholms Stadsmission's historical documentary opens with the portrait of Stockholm in the mid-1850's. It tells the story how industrialization brought not only new technologies and infrastructures but also a widened gap between classes. As the poor became poorer, the rich increased their fortunes and left behind a Stockholm ruled by poverty, hunger, sickness and despair (SSM Documentary, 2013). In December 1853, a group of businessmen with roots in the Swedish Evangelical Alliance formed a non-profit association under the name *The Inner Mission*, which aimed at raising funds to provide support to those who needed it the most, Stockholm's socially excluded. Three years later, on January 21st 1856, the association changed their name to Stockholms Stadsmission. (ibid.)

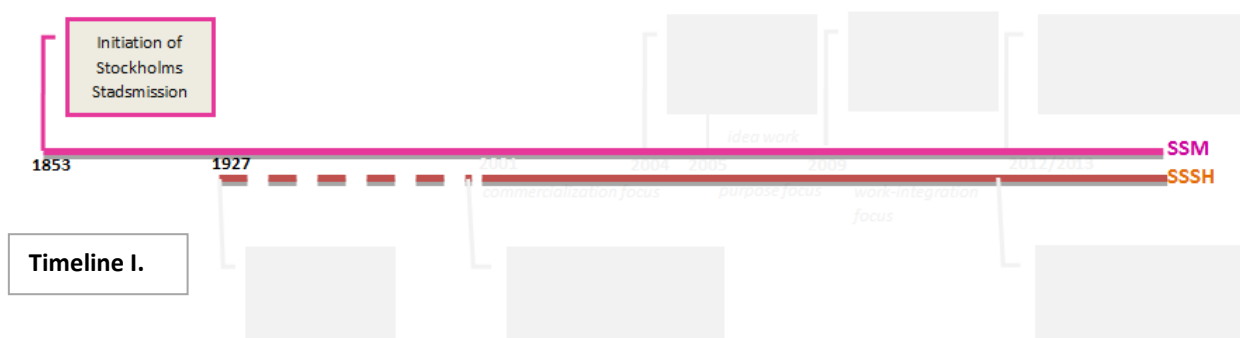
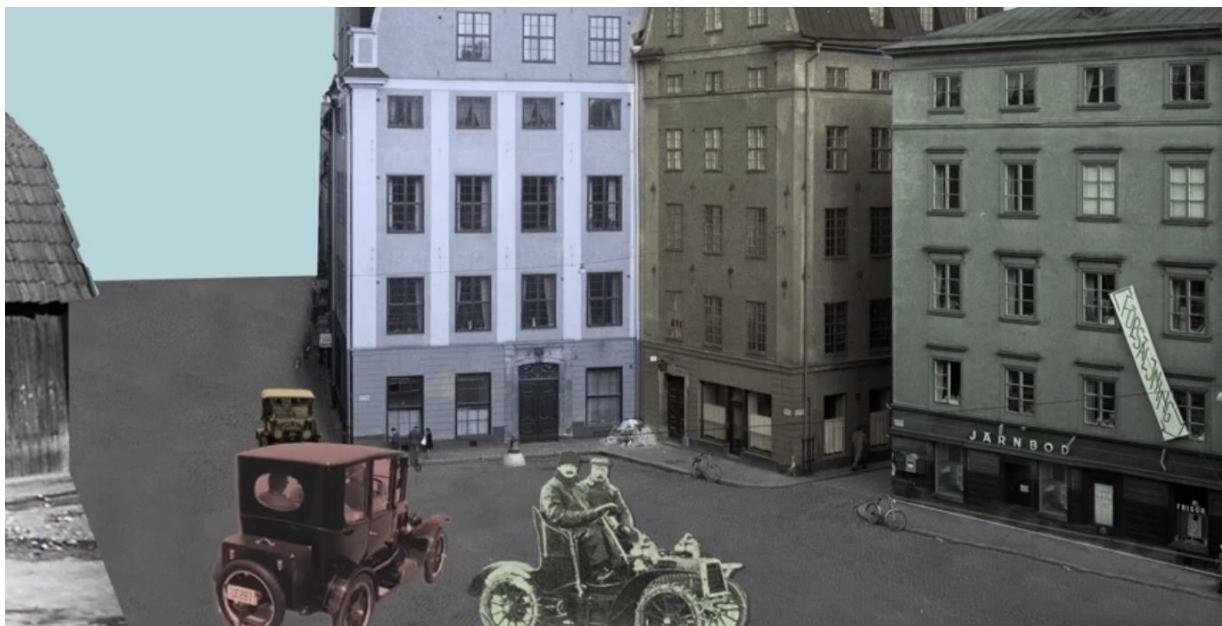
However, a couple of years later, the organization split into two separate entities which afterwards continued to collaborate: the Evangeliska Fosterlandsstiftelsen [EF], a pure faith community; and Stockholms Stadsmission, focused on social-welfare interventions based on evangelical values (SSM homepage, 2014). Thereafter, a religious preacher Carl-Olof Rosenius; became the front-figure of SSM

and aimed at addressing the hunger pervading the city and developing long-term solutions to reintegrate the socially excluded back into the society (SSM Documentary,2013). This embarked the organization on a number of interventions:

“To fill in where society is not enough, and point out flaws in the system in order to bring improvements.”

(SSM Documentary,2013)

Later in 1864, the physician AF Melander became SSM’s chairman and established the first enactments of the organization (SSM Homepage,2014). SSM’s purpose was to act based on Evangelic-Lutheran values (*Christian-Ethos*) and to “*work for God’s kingdom*” through social operations by charity, volunteering and *Christian love* (ibid). From the beginning SSM ran their operations in the Bethlehem Church, however in year 1912, after an intense round of public fundraising the organization acquired Grillska Huset at Stortorget in Old Town; where the head-office still remains (ibid.). As an independent organization, SSM invested in activities that combated the societal flaws and used donations to install free schooling, orphanages, hospices and work agencies aimed at re-integrating former convicts into the society (SSM Documentary,2013).



Analysis I: Stockholms Stadsmission's Sectorial Positioning and Logics

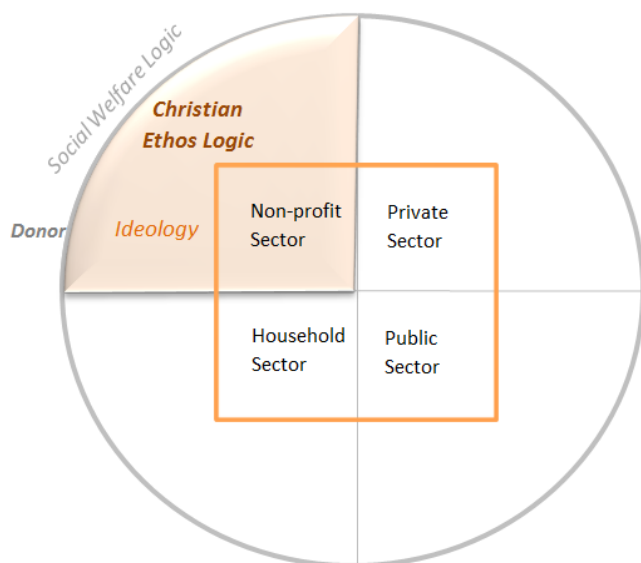


Figure 4. SSM's sectorial positioning

Utilizing the four-sector model (Einarsson and Wijkström, 2006), SSM are situated in the non-profit sector by being legally formed as a non-profit association (SSM Homepage, 2014) following a social mission “to fill in where the society is not enough” and re-integrating the socially excluded (SSM Documentary, 2013). Therefore, SSM are according to theory by default considered to pursue a *Social-Welfare* logic (Battilana and Lee, 2013; Pache and Santos, 2013), employed to demonstrate appropriateness to a web of referents in order for the organization to receive their right to operate (Pache and Santos, 2013). Accordingly, this logic serves as an organizing template for organizational activity that pursues social goals (Battilana and Lee, 2013). Yet, we perceive that as social-welfare can be pursued in

various ways, the *Social-Welfare* logic alone does not suffice in explaining organizational activity and social goals of SSM, as Pache and Santos (2013) would suggest. Consequently, we observe that in the case of SSM's social-welfare enactments, the religious context and emergence from an *ideology* play a prominent role as recognized in the four-sector model. We accordingly find it imperative to distinguish a sub-logic and the precursor of the *Social-Welfare* logic; which we label as the *Christian-Ethos* logic; moreover found to be in accordance with one of six Friedland and Alford's contending views of institutional orders pervaded by own distinctive symbolic and material practices (1991).

We moreover argue that the *Christian-Ethos* logic stems from the Evangelical-Lutheran *ideology* provided by the originators of the *Inner Mission*, their membership in the Swedish Evangelical Alliance as well SSM's connection and collaboration with EF (SSM Documentary, 2013; SSM Homepage, 2014). The establishment of the first headquarters in church premises also serves as an indication of how robustly anchored the *Christian-Ethos* logic was at the time (ibid.). It is therefore contended to influence SSM's activities and to infuse them with meaning (Friedland and Alford, 1991), something we perceive to be governed by mental and social structures (Furusten, 2013) in terms of Evangelic-Lutheran values and norms. In addition, it is our opinion that the roots of charity fundraising in terms of donations can be traced to the *Christian-Ethos* logic and working “for God's kingdom” through “*Christian love*” and enactments of social operations aimed at societal improvements (SSM Documentary, 2013). Consequently, we identify SSM's resources as primarily those social capital manifesting in civic support, voluntary engagements and public trust; thus in line with the social capital definition by Evers (2001), Defourny and Nyssens (2010) and Spear and Bidet (2005). Additionally, SSM's ability to generate funds and embark on social activities demonstrates successful utilization of their community relations; a key success factor supported by Spear and Bidet (2005).

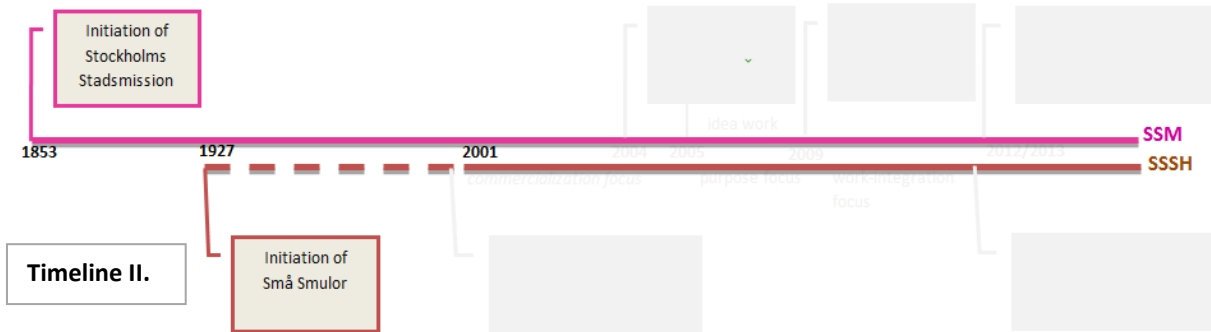
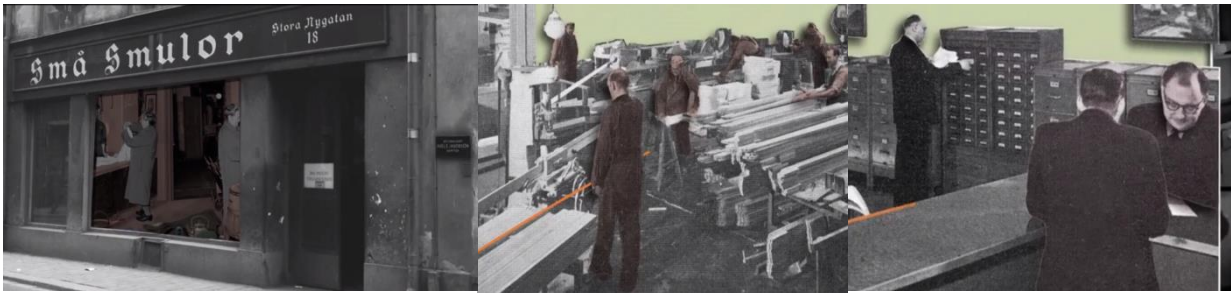
Our main interpretations of the *Christian-Ethos* logic present at SSM at the time, are identified and summarized below; adapted to the *Social-Welfare* logic characteristics by Pache and Santos (2013).

Table 3.	
Characteristics	Christian-Ethos logic
Goal	<i>"work for God's kingdom"</i> (SSM Homepage,2014) <i>"Fill in where the society is not enough, and point out flaws in the system in order to bring improvements and changes"</i> through charity and <i>Christian love</i> (SSM Documentary, 2013)
Organizational Form	The non-profit form (association) is legitimate. The non-distribution constraint ensures a real focus on the social goal.
Governance Mechanism	Democratic control which is by law constitutive of the association status as well as through Evangelic-Lutheran values and norms
Professional Legitimacy	Religious affiliation Contribution to the social mission
External contributors	Private Donors Volunteers

II. The Rise of Stockholms Stadsmission Charity-retail



Entering the 1920s with a new supervisor JW Johnson, a modern-thinking priest and a parliament member; set a new course for SSM in terms of donations and marketing. (SSM Documentary,2013). The organization embarked on new ways to collect funds e.g. through the Swedish Church and a donor register (ibid.). Inspired by a trip to Germany in 1927, Johnson discovered the potential of using secondhand stores as a way to raise funds for charity, offer job opportunities and work practice and provide the financially constrained citizens with clothing; which started *Små Smulor* as the precursor to what today is known as SSSH (SSM Homepage,2014; ibid.). The success was a fact; secondhand goods were donated and purchased like never before (ibid.). However, the following years struck Stockholm with great unemployment and a need for acute action. The parent organization, SSM, acknowledged the need for providing long-term solutions and turned to their core Christian values - focusing on counseling, educating and empowering individuals in regaining power over their lives (SSM Documentary,2013). During the following decades, numerous social operations were established; amongst others **Arbetshemmet** which taught the unemployed new skillsets, and **Platsförmedlingen** which supported individuals who for various reasons did not get support from a regular employment agency in finding jobs (ibid.).



Analysis II: Stockholms Stadsmission's Sectorial Positioning and Logics

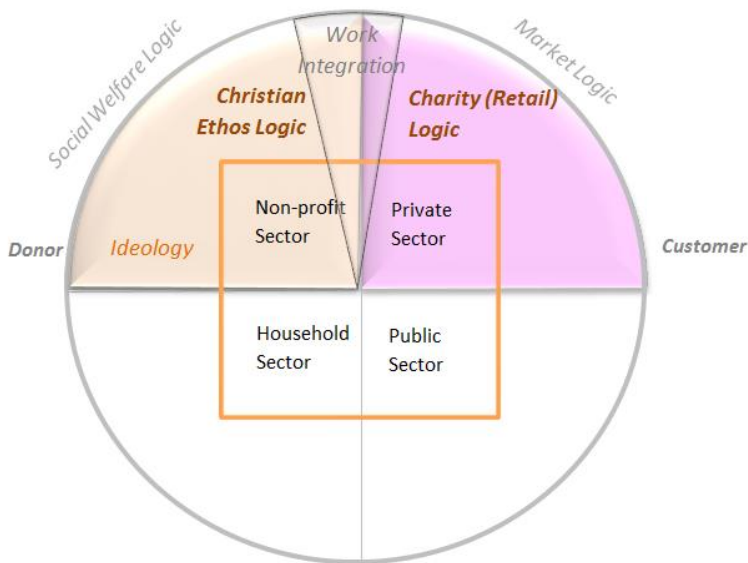
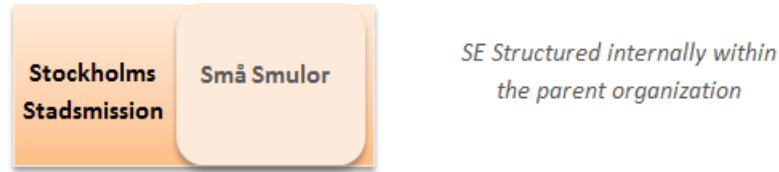


Figure 5. SSM's and Små Smulor's sectorial positioning

Utilizing the four-sector model (Wijkström and Einarsson, 2006), we observe that the opening of Små Smulor denoted the incorporation of commercial activities into SSM's operations by expanding the non-profit sectorial positioning into the private sector. Therefore we observe that combining elements from different institutions – the company and the association - transformed SSM into a hybrid organization (Brunsson, 1998; Battilana and Dorado, 2010) where Små Smulor entailed dual missions; charity-retail to serve the financially constrained and provide work (social mission), and to generate revenues (commercial mission) to be re-invested into SSM; thereby forming a fit with various definitions of what constitutes a *social enterprise*. Consequently, in addition to relying on

social capital and communitar support, as a charity-retailer SSM gained another resource stream from sales to customers, stemming from their social *enterprise* status (Evers, 2001; Defourny and Nyssens, 2010). Små Smulor can accordingly be understood as internally embedded within SSM, by drawing upon Alter's (2006) structural archetypes; where compound intra-organizational structures may give rise to multiple levels of institutional logics (Thornton and Ocasio, 2013); as illustrated in the figure below.

Figure 6. Små Smulor's structuring within SSM



We discern that Johnson acted as an institutional entrepreneur in the view of DiMaggio (1988), as he heavily influenced ways how SSM's collected charitable funds and initiated new social interventions (SSM Documentary, 2013). Moreover, it is possible to early on detect work-integration initiatives in Arbetshemmet, Platsförmedlingen and work practice in secondhand stores which we observe build upon the founding *Inner Mission's* goals to re-integrate the socially excluded (ibid, Chapter 1:1). In addition, utilizing charity-retail for fundraising introduced SSM according to Pache and Santos (2013) by default to a new institutional logic related to the private sector: the *Market* logic. Therefore, although the *Christian-Ethos* logic remained stable, it is our understanding that Johnson epitomizes a driver of change (Thornton and Ocasio, 2008) in SSM's institutional logics towards a *Market and Commercial* logic, which we recognize as the *Charity-(Retail)* logic. Similarly to *Christian Ethos*; the *Market* logic and the embedded *Commercial* logic, belong to the six contending institutional orders within the western society (Friedland and Alford, 1991).

Building further upon this, the *Market*- and *Christian-Ethos* logics are supposed to act as contending due to the claimed rivalry between the *Social-Welfare* logic and the *Market Logic* as contested by Pache and Santos' (2013). However, taking into account that Små Smulor's nature of commercial operations of selling clothes to financially constrained, creating jobs and practice opportunities and raising funds to assist SSM's social activities; we argue that the *Charity-(Retail)* logic served as a complement rather than a contender to the identified *Christian-Ethos* logic; albeit contrary to the arguments of Pache and Santos (2013). Hence our labelling of '*Retail*' as it was overpowered by '*Charity*'. Nonetheless, the augmented marketing efforts in relation to the new venture appear to support the claim that market actors strive to operate in business-like manners as advocated by Furusten (2013) and Emerson and Bonini (2003). As Små Smulor were internally structured within SSM, we perceive the governing mechanisms of the *Charity-(Retail)* logic as very similar to those of *Christian-Ethos*. Below are outlined our main interpretations of the *Charity-(Retail)* logic present at SSM at the time; adapted to the *Market* and *Social-Welfare* logics' characteristics by Pache and Santos (2013), as our findings indicate *convergence* rather than *divergence* of the two.

Characteristics	Charity-(Retail) logic
Goal	Create jobs and practice opportunities; provide financially constrained people with affordable clothing; raise funds to reinvest in social activities to increase social-welfare (SSM Documentary, 2013)
Organizational Form	Non-profit association is legitimate. The non-distribution constraint ensures a real focus on the social goal.
Governance Mechanism	Democratic control which is by law constitutive of the association status as well as through Evangelic-Lutheran values and norms
Professional Legitimacy	Contribution to the social mission
External contributors	Customers Private Donors Volunteers the Swedish Church

III. Commercialization Focus in Stockholms Stadsmission SecondHand



In 2001, Små Smulor changed their name to Stockholms Stadsmission SecondHand in order to make a more apparent connection to SSM and the affiliated activities; something that the previous name failed to achieve (SSM Homepage, 2014; Hellerup). Despite being viewed as a *supporting business activity* and a fundraising source, SSSH had worn rather than nurtured SSM's finances; as pointed by Hellerup: *"It was straggly, messy, very high personnel costs and very inefficient"*. After years of poor economic results it was decided that something needed to be done, and the employees adhered to the view that the secondhand industry had evolved and no longer primarily served the financially constrained but all those who valued secondhand merchandise (ibid.). The board put two alternatives on the table; either the operations needed to be commercialized and built around a professional retail mindset; or, they needed to be terminated (Hellerup). SSM chose the former alternative and began to recruit people with specific retail knowledge. In 2002 Janna Hellerup was headhunted to *turn things around* and initiate a process towards becoming a retail professional by capitalizing on her retail expertise. (ibid)

*"We should keep an eye on our processes... to work professionally means that you have the skills needed, the knowledge to use it, to be efficient with resources...it all comes down to this:
If we are going to work with retail, we must do so in a way that is commercially sustainable"*
(Hellerup)

And so a huge transformation began with conceptualizing stores according to a common color coordination concept; displays and information signs, market-based pricing; centralized warehouse; and niching of the different stores (Hellerup). It was immediately noticeable at the operational level that SSSH *"should be like any other store"* (Marklund). The relation between commercial-thinking and becoming a professional retailer was also recognized:

"I see market as the commercial... to stay competitive we need to keep track of what is happening"
(Kundromichalis)

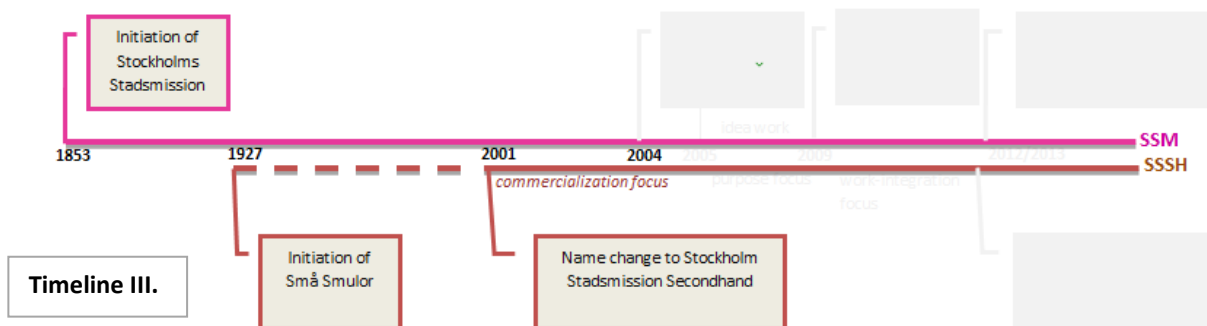
"We must have competitive prices and that is why we have experts who set the prices, who know what prices to charge and where the clothes should be distributed...in business-like terms, I think this means knowing your industry"
(Axlander)

Another dimension of becoming a professional retailer and focusing on the commercial aspects was to also manage the donations with respect to donors by treating them transparently and charging dignified prices; thereby making SSSH the chosen donation steward instead of disposing of the goods (Hellerup). Moreover, in addition to selling private donor goods - corporate donations (faulty assortments, reclamations, unsold collections etc.) also increased throughout the years (ibid,

Malm;Ström). Hellerup explained that the commercialization efforts were a triumph, going from a turnover of 13 million SEK around 2002 to approximately 60 million SEK as of today and thereby things had started to turn in the right direction quickly; financially that is.

It was also recognized within the organization that the strong focus on commercialization could potentially cause public skepticism concerning the fact that SSSH was internally embedded within the non-profit parent SSM, as pointed out by Thorell, one of the operation leaders:

"I believe that the term non-profit is a bit misleading because then people think you don't at all have an interest to make money. All activities, even if you are non-profit must of course go break-even."



Analysis III: Stockholms Stadsmission's Sectorial Positioning and Logics

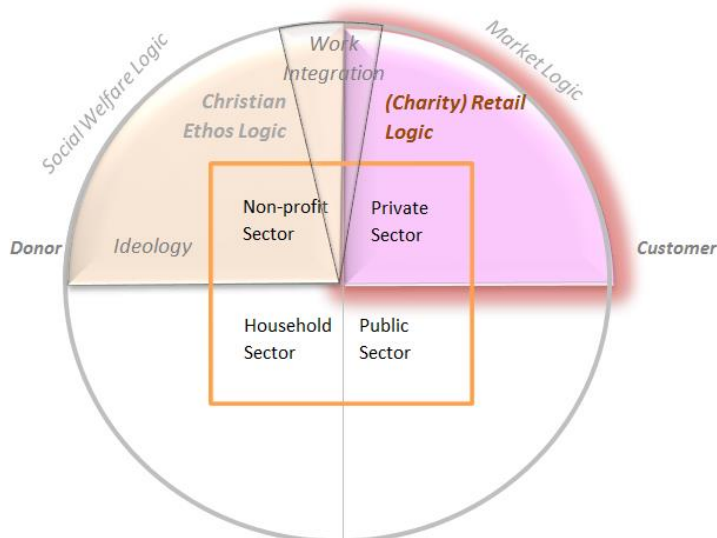


Figure 7. SSM's and SSSH's sectorial positioning

Utilizing the four-sector model (Wijkström and Einarsson, 2006), we observe that similarly to the previous period, SSM maintained their sectorial positioning confined within the non-profit and private sectors. We also notice that the name change from Små Smulor to SSSH denotes the organization's intention to increase connotations to SSM and the overarching social-welfare mission. It could therefore be contented that during this period the *Social-Welfare* logic would have been given prominence. However, we discern that the effect was quite the opposite, as Hellerup gained an important organizational role in initiating increased commercialization efforts. We recognize that the previous *Charity-(Retail)*

logic while running operations as Små Smulor emphasized more the *charitable* aspect of the stores, whereas in this period the accentuated aspect was *retail*, hence our notion of *(Charity)-Retail* logic; which therefore in this period exhibited momentum over Små Smulor's *Charity-(Retail)* logic.

This is further supported with SSSH's main revenue stream stemming from sales to customers where there occurred a transition from selling primarily to the financially underprivileged, thereby mostly belonging to the charity aspect; to also include everyone with secondhand fashion preferences; thus further pressuring SSSH to pursue a commercial focus. At this point in time, Hellerup imported retail practices which endorsed SSSH with market-driven commercial features exhibited in previous research; such as uniform displays, in-store color themes (Maddrell, 2000), niching of stores and

setting up a centralized warehouse (Chattoe,1999); which we perceive to have reinforced the commercial elements of the *(Charity)-Retail* logic. This also supports the body of previous research identifying charity-retail's enhanced commercialization focus (Broadbridge and Parsons,2003; Parsons,2004; Horne,2000), where it can be assumed that this may not have been specific only for the case of SSSM, but rather for the industry at large. Moreover, as social capital facilitated communital support in terms of private and corporate merchandise donations; in this period it was expressed as processing donations transparently and respectfully, foremost with regards to setting market-driven prices (Hellerup). We therefore observe that in this period, SSSH's social capital as civic support was related to how retail operations were managed; thus closely interrelating the for-profit and non-profit SE's resources identified by Evers (2001). As result, Hellerup can be understood as an important driver of change and an institutional entrepreneur in SSSH by creating conditions for reshaping of resources and prevailing logics, according to the definition by Thornton and Ocasio (2008).

The economic downturn which ultimately triggered efforts of controlling processes and becoming more efficient (Hellerup); testifies how deeply institutionalized is the perception that the sources of success are attributed to measurability, efficiency and control (Ritzer,2004; Furusten,2013). Moreover, the decision to commercialize rather than to terminate financially burdening retail operations is perceived as a compliance institutional response (Oliver,1991); where the pursuance of social legitimacy and economical gain was in the case of SSSH obtained by operating economically viable stores (Hellerup). We also identify the role of the society as an inter-institutional system (Friedland and Alford,1991) where SSSH was primarily influenced by the contending logic of the private sector which posed its own behavioral expectations (ibid.). Here we observe that Thorell's statement that the term nonprofit is somewhat misleading as in the end SSSH must breakeven; portrays SSSH as operationally very similar to what Furusten (2013) and Meyer (2007) depict as a *company*; since they were in this period expected to perform as self-sufficient, profit-driven, competitive and productive. Hence we remark that although SSSH as a SE aimed at supporting SSM's overarching social-welfare mission by re-investing revenues and relying on the no-distribution clause; since they operated in the retail market - market situations began to emerge in more and more contexts. This denotes our observation that material and cultural practices can change as a result of the interplay between forces (Thornton and Ocasio,2008), that is of Charity and Retail.

Finally, we argue that the commercial success and *(Charity)-Retail* logic formed a new *retail professional* collective identity within the stores. This is found to be in line with Tyler's (1999) and Brickson's (2000) arguments that individuals identifying themselves with the collective identity of a social group are more likely to adhere to organizational undertakings. Consequently, it is our understanding that as the *(Charity)-Retail* logic became institutionalized, it served as a major driver of pursuing organizational change, as suggested by Thornton and Ocasio (2008). Our main interpretations of the *(Charity)-Retail* logic prevailing at SSSH at the time are outlined below; more closely adapted to the *Market* logic characteristics by Pache and Santos (2013) rather than *Social-Welfare* logic, as our findings in contrast to the previous period, indicate a beginning of *divergence* rather than convergence of the two.

Table 4.	
Characteristics	(Charity)-Retail logic
Goal	<i>If we are going to work with retail we must do so in a way that is commercially viable.</i> Hellerup <i>"... keep track of what is happening around to stay competitive"</i> Kundromichalis <i>"all the activities even if you are a non-profit must of course break even"</i> Thorell
Organizational Form	Non-profit association operating similarly to a company. The non-distribution constraint ensures contribution to the social goal.
Governance Mechanism	A mix of Democratic control constitutive of the association status and Hierarchical control through HQ-initiated procedures that ensured consistency of products and services and efficient allocation of resources.
Professional Legitimacy	Retail Expertise
External contributors	Customers Private Donors Corporate Donors

IV. Purpose Focus in Stockholms Stadmission SecondHand



In 2004, the Swedish television show *Uppdrag Granskning* revealed an apartment misappropriation involving SSM's former director Staffan Hellgren (SSM Documentary). There was a crisis of confidence and trust was impaired both internally and externally (ibid.; Markovits). Following this shocking revelation, Hellgren resigned and Marika Markovits, a Swedish Church priest and SSM board member, took over; a position which she still holds to this day (ibid.).

Similar to a CEO, Markovits is responsible for developing strategies, allocating resources, doing follow-ups and implementing board's decisions. Yet most importantly, she is responsible for ensuring that SSM's core values are implemented within all operations, which is where her priesthood plays an important role. It is namely written in the purpose clause that directors are not required but should preferably be priests of the Swedish Church to act as "idea carriers" (Markovits).



"In nonprofit organizations, you want the top management to be idea carriers ... And our idea is a Christian ethos"

(Markovits)

Markovits identified regaining internal trust as organization's priority, where she re-evaluated and interpreted SSM's core values based on *Christian-Ethos* that once founded the organization: *"It was important to first and foremost work with the core values: 'Who are we?' and 'What are our espoused values?'"* (Markovits). Yet the organization remains open to other religious beliefs as long as the Christian value foundation is shared; endorsing every individuals' equal value, rights and opportunities (SSM Core Values Document, 2013).

Between years 2005 and 2006, an immense *idea work* was carried out in order to identify SSM's purpose in the society (Markovits). It was then decided that the organization's role was no longer to primarily exist because the state had flaws, as this would imply that in the best of worlds a flawless state would cease SSM's existence: *"We exist because we have an idea which we believe can contribute to build a sustainable society in the long-term. As long as members join our idea and agree with our values we will exist"* (Markovits). And so, the *idea work* spread to other areas within the organization.

At about three years after intense efforts to commercialize SSSH into professional retail stores, SSM began to question the stores' purpose (Hellerup, Markovits). A fundamental concern came to mind:

"We learned from the environment that if we became a profit-driven secondhand retail chain, even if the money went to a social cause, the Swedish Tax Agency [STA] will sooner or later start thinking 'Why is Stockholms Stadsmission doing this?' "

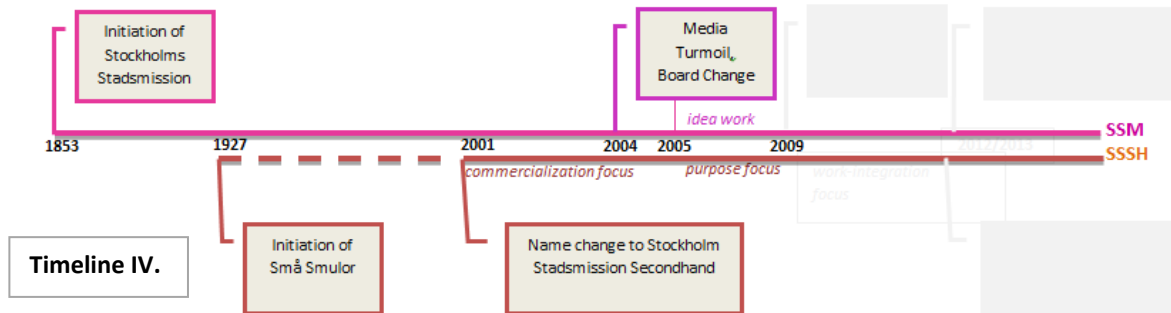
(Markovits)

Because of the "business-like" nature of SSSH, the STA could potentially claim that the stores were in a competitive position and thereby demand value-added taxes [VAT] on their sales (Hellerup, Markovits). Since the merchandise sold is donated; this would imply that 25 percent of the turnover would disappear as SSSH has no VAT receivable to set off against, money that would otherwise be reinvested into the organization (ibid.). Since SSM wanted to grow they realized that the taxation issue could potentially hinder the desired future developments (ibid). Hence, the board was once again faced with a difficult dilemma whether to turn SSSH into a company and start paying VAT, which would possibly jeopardize the taxation status of the entire organization (Hellerup) .

Afterwards the re-examination turned to work practice conducted at stores which subsequently revealed procedural deficiencies as the work-training element mainly took place on the side of store operations (Hellerup, Markovits, Kärrbäck). It was never procedurally documented and was differently conducted in different parts of the organization (Thorell); thus making it unclear **who should be mentoring**, *"It was not quite as it should be, it was not part of the job description we had"* (Kundromichalis); and **who were being mentored**, *"We never talked about it. That's why I never knew we had that kind of people (in work-training)"* (Dizdar). Consequently, work practice did not always end up in the desired results:

*"They did not bring anything with them really...we had no method or program...
It was just a place to be"*
(Hellerup).

Consequently, in the following years the board reflected upon ways to affiliate SSSH into SSM's overarching social mission and better mirror the core Christian value foundation.



Analysis IV: Stockholms Stadsmission's Sectorial Positioning and Logics

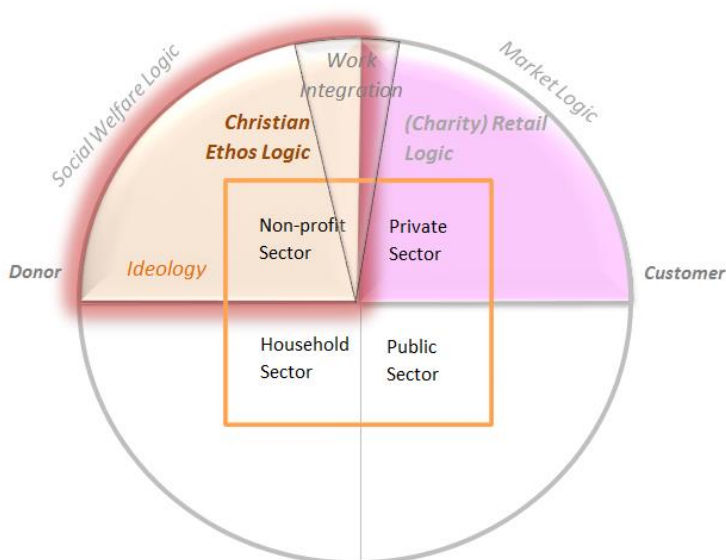


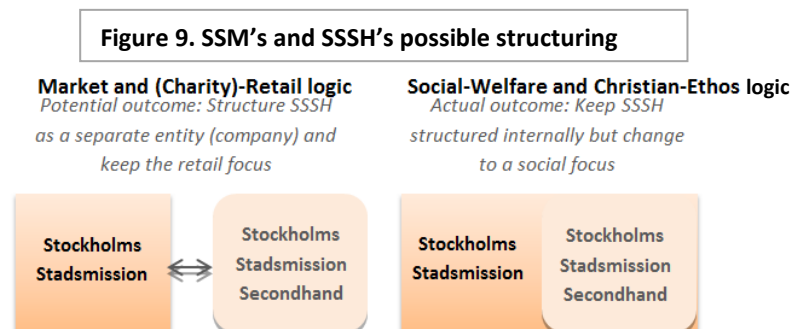
Figure 8. SSM's and SSSH's sectorial positioning

Utilizing the four sector model (Wijkström and Einarsson, 2006) SSM held their sectorial positioning confined within the non-profit and private sectors between years 2004 and 2009. Building onto the empirical findings from the previous period, we see that the divergence between the *Social-Welfare-* and *Market* logics culminated and that at this point the logics were no longer complimentary but outright contending; which became clear in conjunction with the media turmoil and the accompanying crisis of confidence. In our view, Markovits's statement of "*As long as members join our idea and agree with our values we will exist*" highlights the importance of social capital and preserving of public trust and

provision; detrimental to SE's organizational survival (Evers, 2001; Defourny and Nyssens, 2010; Spear and Bidet, 2005). Moreover, we argue that their multiple resource utilization; in the views of Evers (2001) and Defourny and Nyssens (2010); stemming from *income from sales to customers, non-profit contribution to the public good* through special tax concessions and *social capital*; further intensified the need to restore public trust as it could otherwise endanger organizational survival.

We suggest that the media scandal illustrates how deeply embedded within their institutional environment SSM are; exposing them to pressures regarding what is perceived to be legitimate behavior, as suggested by Colvalessi and Dirsmith (1988) and Goodall (2002). In our opinion, the identified logics' divergence can be explained by the *(Charity)-Retail* logic's strong focus on commercialization and market practices within SSSH; thus creating a collective identity towards professional retail. In SSM on the other hand, the *Social-Welfare-* and *Christian-Ethos* logics were

more prominent; where we argue that there potentially existed dual identities in the organization; the *social welfare worker* within SSM and the *professional retailer* within SSSH; which caused them to act more like a separate entity, as evident by the board's consideration of turning SSSH into a real company (Markovits), alternatives illustrated in the figure below adapted to Alter (2006).



We perceive this consideration to be a sign of potential “mission drift” (Cooney, 2006) between SSM and SSSH due to their social missions’ being too loosely connected; where SSM aimed at reintegrating the socially excluded, whilst SSSH’s prioritized objective was to generate revenues, albeit being re-invested into SSM. This is also evident from the work-integration element present in stores yet operationally very informal and unstructured (Hellerup). The intense commercialization focus within SSSH ultimately triggered tensions between them and their parent organization which eventually reached a point of conflict, for illustration see Appendix V. We discern that SSSH’s commercial mission was at the expense of SSM’s social mission and that one of them needed to be traded off, a common occurrence amongst SEs, as pointed out by Reiser (2010); which is evident from our finding that SSSH’s commercial success could violate their taxation status. We further perceive this to support Chattoe’s (1999) and Parsons’ (2004) critical stance to whether importing techniques from the private sector is suited to charity-retail. Hence we notice that dual missions were present within SSSH as SE, in line with theory (Evers 2001; 2004), however we discern that contrary to the theory these missions were not contending; rather that tensions occurred at an intra-institutional level between the SSSH and their parent organization.

Consequently, in our view Markovits embodies yet another institutional entrepreneur and driver of change in SSM and SSSH’s logics as she reinforced values and practices from SSM’s religious context, and by doing so challenged the *Market* logic and commercial mission, with that of the *Social-Welfare* and social mission (Markovits; SSM Documentary, 2013). Therefore, we discern that the *Market* logic introduction through secondhand stores embodied the source of the logics’ rivalry which adheres with the findings of Pache and Santos (2013). As the *Christian-Ethos* logic (*mental structures*) gained momentum SSM reevaluated their core values based on purpose (*social structures*) and how to manage SSSH with regards to the environment and potential risks of jeopardizing their *charity status* and tax concessions (*legal structures*); supporting Furusten’s (2013) argument that the institutional environment encompasses mental, social and legal structures; influencing how an organization ought to behave. This further shows that legal constraints, i.e. tax concessions (Oliver, 1991); served as a trigger to the *idea work* examining what is acceptable non-profit organizational behavior.

Hence, opposite from the previous period where SSSH was perpetuated by the (*Charity*)-Retail logic; at this point in time, we argue that SSM’s purpose clause advocating that Directors should preferably be priests of the Swedish Church to act as *idea carriers* served its purpose to re-integrate SSM’s original ideology into current practices and that Markovits embodied this role. Hence, in our opinion;

the *Christian-Ethos* logic through her *idea work* guided SSM's *course of attention towards the founding values* and how SSSH could better be affiliated with their parent's social mission and used as a legitimate means to achieve their purpose.

V. Work-Integration Focus in Stockholms Stadsmission SecondHand



The previous *idea work* had contributed to the realization that SSM could either continue to perform work financed by donations; or compete in a different market; however based on SSM's social purpose and Christian values (Markovits). This was when SSM realized that the unstructured work training present at SSSH had further potential:

"That's right! That's our purpose! We do indeed perform social work in the stores...And that is when we started thinking: How can we do this in a structured way?"
(Hellerup)

This implied that work-integration needed to rise in quality; where in order to obtain quality, more resources needed to be invested in mentoring and work-training (Hellerup). Therefore the old way of working was no longer satisfying, thus sparking a discussion of taking charge over work-integration practices (Hellerup, Markovits, Thulin). Subsequently, the board initiated the project "*Work and Employment*" led by Björn Thulin, a man with extensive experience within mentoring and labor-market related questions (Markovits, Thulin). The project ran between years 2009 and 2012 with the aim to identify what needed to be implemented to equip SSSH for work-integration purposes and to develop appropriate methods, processes and quality assurances for structured and professional coaching (Thulin). The greater focus on work-integration spread across the organization like a wildfire:

"SSM believe in this, that work and employment are the way to become reintegrated into the society"
(Thorell)

"Before it was more like 'we should sell as a much as possible to earn as much money as possible to the social activities'"
(Axlander)

"This IS the change, focus will not be on 'sell sell sell' as we experienced it before"
(Missirli)

Another outcome of the project was the realization that there was a large demand for work-integration services from employment agencies [EAs], communities, health insurance offices and other stakeholders (Markovits, Hellerup, Thulin). Furthermore SSM acknowledged that this was in fact a market with great economic potential (ibid.) explained as:

"All these work training spots, it is money."
(Thulin).

Formerly run under the name *supporting business activities*, at the turn of the year 2012, SSM took a major organizational decision to transcend SSSH into a work-integration social enterprise and to start charging constituents for work-training by clearly defining it as a service (Hellerup; Thulin). The reason behind this was that SSM no longer wanted to run SSSH simply as stores, but as an integral part of their social-welfare work and core values by using the stores as platforms for work-training and mentoring of marginalized individuals (ibid.). This had two important implications: first, it meant that SSSH was now an actor on two different markets, the *secondhand market* and *the public market* by selling training services to public EAs in the form of subsidies; and second that they had *double customer concepts* in stores - those who purchased goods and those receiving training and mentoring (Hellerup, Markovits, Thulin). In line with this, SSSH's new roles were defined encompassing a *mentor* and a *work coach* under the supervision of an *operations leader*, formerly referred to as *store manager* (Thulin; Hellerup; Markovits). The new roles also meant new responsibilities; the mentor was responsible for participants' personal development and contact with the constituent; the work coach for teaching the actual *retail profession*; and the operations leader for managing the store and supporting the mentor and work coach in performing their respective responsibilities (Kärrbäck; Thulin; Kundromichalis; Axlander); for further information of work-coach and mentor roles, see Appendix IV.

However, this did not mean that generating sales or keeping the stores commercial was no longer an important part of SSSH (Markovits)

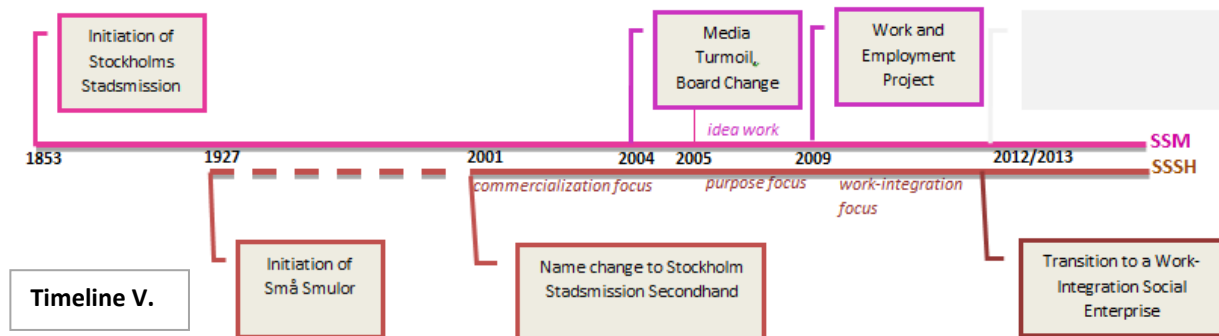
*"It is very important that we sell because it's a way to finance this, but it is not the main goal.
The main objective is to create jobs and workplaces".*
(Hellerup)

Most evidently, it was crucial to deliver quality mentoring and work-training to participants (Hellerup; Markovits; Thulin; Kundromichalis; Axlander), where an operational leader explained

*"Our stores and our SE are supposed to reflect reality, the regular labor-market; because we are
actually working with mentoring so that people can end up there"*
(Thorell)

Consequently, it became important for SSM to become professional within both aspects, retail and work-integration; so that having engaged in training at SSSH would signal acquired professional skills within commerce relevant for future employment (Markovits). And so SSM realized that they could leverage on the commercialization of the stores in becoming a professional WISE:

*"If we had not worked with commercializing the stores, it would not have been professional. There
would not have been a place where we have a concept, established working procedures to teach...
We must have commercial thinking if we are going to teach this job...
The goal is to make you employable."*
(Kundromichalis)



Analysis V: Stockholms Stadsmision's Sectorial Positioning and Logics in the Institutional Environment

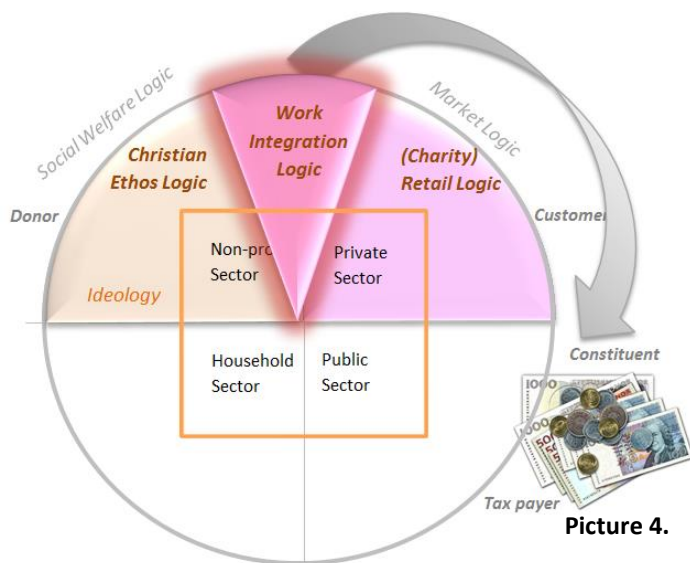


Figure 10. SSM's and SSSH's sectorial positioning

The *idea work* from the previous period (see CHAPTER I:IV) revealed that while on one hand, SSSH was pervaded by the (*Charity*)-Retail logic stemming from their market operations; whilst on the other hand, the *Christian-Ethos* logic was again gaining momentum at SSM at large; consequently producing tensions between the two logics. In this period we observe from the empirical material that SSM identified work-integration as an aspect of their social-welfare mission and a common element to the *Christian-Ethos* logic; present yet underdeveloped in stores; and chose to actively to pursue it. Utilizing Wijkström and Einarsson's (2006) four-sector model we observe that SSM's decision to *sell* training positions to

public constituents trading with tax payers' money did not expand SSM's sectorial positioning, however implied that SSM now became an actor on the public market. In addition, the decision to charge for their services demonstrates that SSM acknowledged that they had a proactive choice to influence the rules of the game and that consequently their embeddedness within the society was not deterministic; a notion also advocated by Oliver (1991), Steiner and Steiner (2011) and Furusten (2013). Moreover, this organizational response transitioned SSSH into a WISE in line with the definition by Pache and Santos (2013), Eldar (2014) and Evers (2001); where while the work-integration takes place in the private market, the service itself is sold on the public market. Consequently, SSSH as a WISE combines resources from the non-profit-, private- and public sectors (Evers, 2001) by introducing revenues from yet another stream of customers, i.e. public constituents.

We also discern that the initiation and development of the *Work and Employment Project* brought another important institutional entrepreneur (Thornton and Ocasio, 2008), Björn Thulin, who with his background and expertise from work-integration and mentoring contexts; subsequently contributed to giving rise to a new logic, which we label as the *Work-Integration logic*. It is our understanding that this logic took place in assigning attention to obtain control over work-training practices by seeking to develop processes, methods and quality assurances for structured mentoring (Hellerup, Thulin);

thereby sharing similarities with the *(Charity)-Retail* logic by employing attributes of a modern organization, as suggested by Ritzer (2004). We furthermore recognize that the forming of new roles: mentor and work coach, which explicitly integrated these activities into the already established sales roles (not previously the case as they were informal and unstructured); can be understood as a *structural overlap*, which occurs when individual roles that were previously distinct from each other are forced into affiliation (Thornton, 2004). We argue that this structural overlap allowed Thulin and Markovits to realize SSSH's transition into a WISE; thus supporting Greenwood and Suddaby's (2006) argument that structural overlaps can enable institutional entrepreneurs to pursue institutional change.

It is our opinion that the internal role restructuring acts as a symbolic effort to facilitate change attributed to the newly established *Work-Integration* logic by influencing employees' collective identities; which we label *work-integration service provider*; as brought by Polletta and Jasper (2001), and Brickson (2000). We notice from the empirical material that this logic heavily revolves around empowering participants by providing qualitative professional mentoring and making them employable through work-training in a fully functional store, to best reflect the *reality* of retail jobs (Thorell). Consequently, this *reality* aspect is identified as a common initiative amongst WISEs which embody market-oriented work cultures; as advocated by Spear and Bidet (2005). It is therefore our impression that the *Work-Integration* logic in SSSH shares certain commonalities with the *(Charity)-Retail* logic in terms of commercial thinking; which is further reflected by Hellerup's identification of participant's as customers – hence in commercial terms. However we also recognize *Work-Integration* logic's commonalities with the *Christian-Ethos* logic, as it in a similar manner strives to re-integrate the socially excluded and fill in where the society is not enough (SSM Documentary, Markovits). We therefore argue that the new *Work-Integration* logic, shares commonalities with the contending *Christian Ethos*- and *(Charity)-Retail* logics; and is able to act as a reconciling apparatus by providing a foundation for establishing a joint collective identity between SSM and SSSH as it necessitates equal and parallel incorporation of both contending logics in order to yield success. Below are outlined our main interpretations of the *Work-Integration* logic prevailing at SSSH; adapted to both the *Social Welfare*- and *Market* logic characteristics by Pache and Santos (2013), as our findings indicate a conjunction of the two.

Table 5.	
Characteristics	Work-integration logic
Goal	<p>"Our stores and our SE is supposed to reflect reality" Thorell</p> <p>"We must have commercial thinking if we are going to teach this job...the goal is to make you employable" Kundromichalis</p> <p>"It's really important that we sell because it's a way to finance this, but it is not the main goal" Hellerup</p>
Organizational Form	Association is legitimate. The non-distribution constraint ensures contribution to the social goal.
Governance Mechanism	A mix of Democratic control constitutive of the association status and Hierarchical control through HQ-initiated procedures that ensured consistency of products and services and efficient allocation of resources
Professional Legitimacy	Social work and Personal Development expertise <i>and</i> Retail expertise

External contributors

Customers
Volunteers
Private Donors
Corporate Donors
public EAs
Health insurance offices
Communities

CHAPTER I: Main Findings

Which institutional logics exist in social enterprises standing as the crossroads of multiple sectors?

Building upon findings from Chapter I, we claim that the overarching *Social-Welfare* logic stemming from SSM's non-profit sectorial positioning takes form in the identified ***Christian-Ethos*** logic, thereby originating from SSM's religious *ideology*. Afterwards, when SSM expanded their sectorial positioning into the private sector through employing charity-retail operations, the organization by definition enacted the *Market* logic. We observe that this logic took form as the ***Charity-(Retail)*** logic, within Små Smulor; attributing them with a *social enterprise* status where commercial activities were used to achieve SSM's social purpose. Subsequently, as Små Smulor transcended into SSSH; a new nuanced version of the *Charity-(Retail)* logic took form in the ***(Charity)-Retail*** logic. It therefore becomes evident from our nuancing between two forms of the *Charity-Retail* logic that one leaned more towards *Charity* and the non-profit social mission of their parent organization (CHAPTER I:II; Små Smulor serving the financially constrained); and the other leaned more towards *Retail* and the for-profit commercial mission (CHAPTER I:III; the board initiating store commercialization to regain financial performance). Finally, when SSSH transcended into a WISE and became an actor on the public market, a new logic took form in SSSH, the *Work-Integration* logic.

What do these logics encompass?

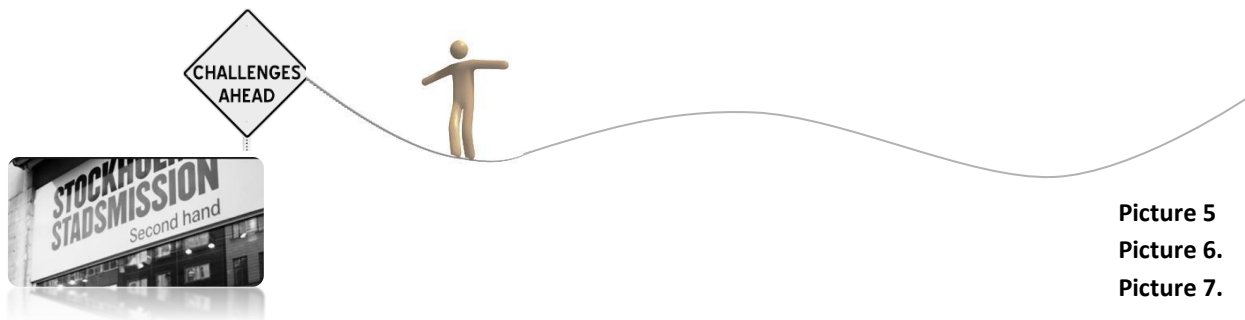
Our identified *Christian-Ethos* logic encompasses Evangelical-Lutheran values dating from *Inner Mission's* roots in 1850's; that constitute the value foundation of SSM and their social mission of reintegrating the socially excluded. Små Smulor's *Charity-(Retail)* logic encompasses elements from both the *Christian Ethos* logic and the overarching *Market-* logic as it aims to serve the financially constrained with clothing, raise funds for charitable purposes and support disadvantaged individuals with work opportunities. The second nuanced *(Charity)-Retail* logic identified within SSSH however, incorporates elements from the *Market* and *Commercial* logics to a larger extent as the focus was on commercialization and becoming a retail professional and market actor like any other store. Nonetheless, we argue that the *Work-Integration* logic incorporates elements from both the *Christian-Ethos* (reintegrate socially excluded) and *(Charity)-Retail* (commercial thinking and retail expertise) logics, as they are both perceived as necessary and complementary components to attain the work-integration purpose.

How do they develop?

We recognize that competing logics may take place both as consequences and antecedents to change, which supports arguments by Thornton and Ocasio (2008). The *(Charity)-Retail* Logic could be perceived as a *consequence* of the competing *Market-* and *Christian-Ethos* logics; which in turn acted as an *antecedent* to the rise of the unifying *Work-Integration* logic. With regards to what drives changes in institutional logics; in the case of SSSH; we recognize the prominent roles of institutional entrepreneurs and their importing of element from distinct contexts (Thornton and Ocasio,2008): JW Johnsson (Christian Ethos and business), Janna Hellerup (retail), Marika Markovits (Christian Ethos) and Björn Thulin (work-integration and mentoring). The identified institutional entrepreneurs gained status for realizing the change towards firstly a commercial-, thereafter a social- and ultimately a work-integration focus which supports Thornton and Ocasio's argument (2008) that social actors rely on their understandings institutional logics and by doing so create conditions for the reproduction of prevailing logics. We further stress that, as the identified entrepreneurs all stem from SSM and not the operational store levels; it is crucial to perform a multi-level analysis as manifold institutional logics may exist and emerge at different intra-organizational levels; where in this case a single-level analysis might have neglected important drivers of change. Accordingly, we contend that the development of SSSH's logics supports Thornton's (2004) argument that logics need to be analyzed through *event sequencing* since they may change over time; where an analysis of SSSH at a single point in time would have omitted central insights in identifying the prevailing institutional logics, how they come about and evolve.

Can they co-exist?

Our empirical findings support the claim that that hybrids such as SSSH face heightened legitimacy challenges from the institutional environment (Lounsbury,2007b; Thornton and Ocasio,2008) when combining contending and potentially incompatible logics stemming from different sectors (Greenwood et. al.,2011). However, we argue that despite being contending by nature, SSSH's logics can in fact co-exist as seen in the case of Små Smulor's *Charity-(Retail)* logic which was closely related to the SSM's *Christian-Ethos* logic; as well as in the case of the *Work-Integration* logic which integrated SSM's *Christian Ethos-* and SSSH's *(Charity)-Retail* logics into one logic requiring their co-existence in order to subsist. Consequently, how this co-existence is coupled and managed in practice will be the focus of the forthcoming chapter.



CHAPTER II:

Balancing Multiple Institutional Logics in Stockholms Stadsmission SecondHand Today

Demands and Challenges Ahead: Stockholm Stadsmission SecondHand

The transcendence into a WISE encompasses that stakeholders such as public EAs or communities, need to adapt to the new way of SSSH's operations (Thulin). Markovits explains,

"In donation funded activities there are little requirements, but as soon as you move into a publicly funded activity, everything becomes highly regulated".

She further explains that if the organization wants to *live up to these requirements*, grow and continue making a social impact as a WISE; they face the challenge of keeping the core values intact while still being financially balanced. This contributed to the decision that SSM is to obtain a Swedish institute for Quality² (SIQ) certificate in 2015; an external quality assurance system which would facilitate internal working processes within the entire organization (ibid; Thulin). Additionally, in line with transitioning into a WISE, the board decided to switch contracts from *Commerce* to *Health and Social Care* so that everyone in the organization would be equally treated in terms of employee salaries and benefits (Markovits). Several employees (Apelqvist, Thulin, Axlander) stress the necessity to communicate and inform external stakeholders about SSSH's idea and approach to work-integration to increase the common understanding and collaborations, further expressed by Hellerup as *"to communicate: communicate what we do, who we are...to form opinions about labor issues"*.

With the stronger focus on delivering high quality work-integration services, it consequently became clear that it was of crucial importance to only take in those participants who personally perceive a fit with the organization; not all those obliged to be in training by the government. Prior to becoming a WISE, public EAs could request SSM to receive people in need of mentoring and/or work training as a form of free workforce. Conversely, at present; SSM stress that they *offer a service* that costs and accordingly insist that participants must desire to be placed there, in order for the training to be effective and yield results (ibid).

"We think people should have their own responsibility followed by our support. But they should also have a clear constituent that provides a mission..."

This makes it much easier for us to make demands and also get demands made on us."

(Thulin)

² Institutet för Kvalitetsutveckling: <http://www.siq.se/OmSIQ.php>

Hence to ensure professional collaboration in terms of contracts with deliverables, SSM decided to cooperate with EAs through local agreements and to furthermore request that an EA representative should be present at every follow-up or ending of a participant's service to provide support with proceeding to the regular labor-market; which had not previously been the case. (Thulin) Furthermore Thulin explained that many people in SSSH were before without a constituent where:

"in the long-run, if you do not have someone to work with, a constituent, we become completely responsible oftentimes for a person's entire life. And we want to step away from that".

Today, SSM notifies public constituents of the number of training spots available (Thulin) and thinks of participants in terms of *"quality rather than quantity"* (Dizdar); yet have no specified *volume contract* concerning how many participants to accept (Thulin). However, charging for work-training and mentoring has raised certain 'uneasiness' amongst the employees, as noted by Thulin: *"Here we have a challenge in the organization to make people feel comfortable about us selling this service"*. Therefore, talking about the future became an integral part of the training process in order to assist mentors and work-coaches in their daily roles and prepare participants for the regular labor-market:

"Already from day one, you should reinforce 'welcome to us, here you will do work training for a certain time, I will also help you and support you in whatever you must do and need to move on and get an employment'"

(Thulin)

As the process manager for work and employment, Thulin initiated workshops where codes of conducts concerning all SSSH personnel were documented and standardized and placed efforts on establishing a store-operations teaching manual, Spindeln (Dizdar; Missirli; Kärrbäck); thus striving to decrease the risk of confusion and misinterpretation of conducting operations both as WISE and as a professional retailer (Thulin). However, the toughest challenge was, and still is; to get everyone 'on board' and to adopt the new mindset of *"I'm selling a product but also a service"* (Thulin). Markovits confirms that transitioning from a professional retailer to a professional WISE would take time and adjustment before becoming fully implemented.

This implied that not only should the employees be skilled *experts* within secondhand retail, but they must also be experts in teaching a profession and mentoring (Thulin). This further meant that the organization had to rethink their current recruitment strategies which were previously focused on retail sales; where they started to accentuate the work-integration element and core values in their recruitment ads to ensure that they attracted the right people who wanted to engage with professional work-development (ibid; Hellerup).

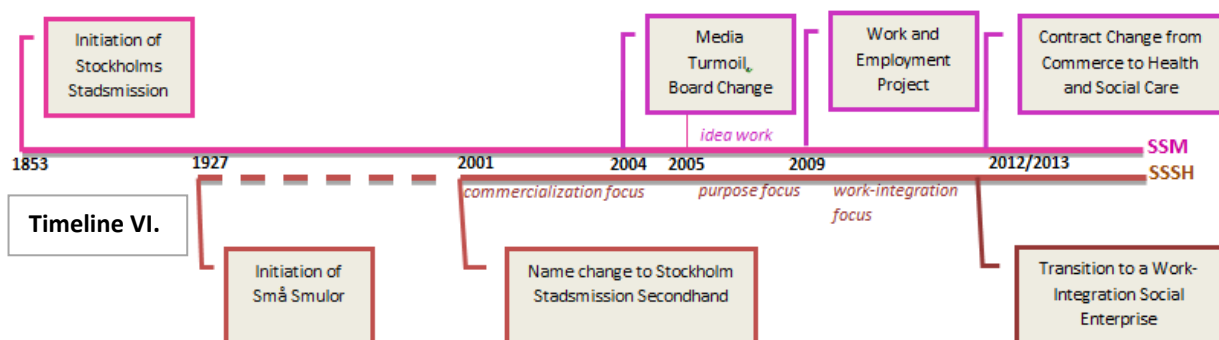
It was noticed both at managerial and operational levels that especially those who had worked in SSSH prior the change, found it somewhat troublesome and confusing to leave behind the 'old' commercial- and retail mindset; when roles were more alike regular stores primarily focusing on sales and product exposure; and ease into the new roles focusing on work-integration (Marklund, Axlander). To counterbalance this, Thulin stresses the significance of continuous clarification of the new roles and structural improvement: *"...to really understand 'what is our mission'"*.

At the store levels employees perceived that having a fully functional retail operation is key to fulfilling the mission of supporting participants to become employable; as expressed by one of the operations leaders,

"Maybe it's one thing if you only have one 'leg', such as store and sales, then maybe I would just have hired top sellers; but we have chosen not to do so, we must actively work with mentoring and coaching...And If you have a store that sells good and works fine it automatically raises the self-esteem of the participants"
(Thorell)

As sales assist in financing SSM, SSSH and work-integration training, they will always be crucial, as expounded by one of the mentors:

"Sales will always be there, we will never get away from sales because it is a store. Of course we should sell - but in the end it is about helping people"
(Kärrbäck)



Part 1. Analysis: Establishing Identity through Compound Resources

As Markovits explains, entering the public market encompasses its own material and immaterial practices which extended the requirements SSSH must conform to, also suggested by Friedland and Alford (1991). Hence, it is our understanding that becoming an actor on the public market necessitates SSSH to effectively allocate obtained resources to sustain their legitimacy, financial viability and ensure successful work-integration contributions. Accordingly, we observe that SSSH relies on all three resource streams put forward by Evers (2001): *income from sales to customers*, i.e. revenues from the secondhand operations and subsidies from the work-integration training (Evers, 2001; Defourny and Nyssens, 2010); *tax concession* provided by the government (ibid.); and *social capital* through donations and voluntary engagements obtained through civic and public support (ibid. Evers, 2001; Spear and Bidet, 2005). By means of social capital, we argue that SSSH as a WISE encompass some of the key features of SEs successfully creating and utilizing social capital (Spear and Bidet, 2005); by actively pursuing clear organizational structure and roles, which consequently allow for a high level of employee involvement. In addition, we observe that by engaging in multi-stakeholder governance, forming labor-market opinions and building constituent relations through contracts (Hellerup; Thulin); SSSH projects their newly acquired WISE organizational identity.

From the empirics we observe that becoming a WISE further strengthened SSSH's new *work-integration service provider* collective identity, as the focus was no longer primarily on *selling* but equally on *supporting* the participants to become employable (Thulin). Additionally, as operational roles can be understood as social categories which serve as essential components of conscious behaviour (Thornton and Ocasio, 2013); in our view, the altering of the existing operational roles plays an important part in influencing SSSH's employees to fully adopt and be comfortable with the new mind-set of *selling* a service and their new responsibilities (Thulin). Furthermore, we discern that as SSSH started charging for their work-integration services the operational roles; previously associated with regular retail stores (i.e. sale assistant, store manager etc.), stemming from the prevailing (*Charity*)-*Retail* logic at the time; were altered to better adhere to SSSH's work-integration purpose, hence forming the mentor, work-coach and operations leader roles. Consequently, we suggest that the *Work-Integration* logic and the amendment of current roles support Ruef's (1999) and Ocasio and Joseph's (2005) propositions that changes in institutional logics may lead to alterations in existing social categories; as well as Evers's (2004) proposition that the processes of hybridization may lead to a new organizational *identity* that reflects multiple roles and purposes of the SE.

However, we also notice that there were some indications of difficulties in leaving behind the old retail mindset at the very beginning of the WISE transformation as pointed out by Hellerup and Thulin, which can be related to the concept of *institutional confusion* put forward by Brunsson (1994) when organizations are in trapped the process of changing their institutional affiliation. We argue that the *Work-integration* logic reconciled SSM's social mission and SSSH's commercial mission into one work-integration mission, thereby forming a better connection between SSSH and their parent organization's social mission of re-integrating marginalized people (for further illustration see Appendix V). This furthermore unified the recognized dual identities between SSM and SSSH; thus combining *professional retailer* and *social welfare worker* into the *work-integration service provider* identity within SSSH. Moreover, we claim that new collective identity within SSSH attributed to the *Work-Integration* logic confirms the arguments that; distinct institutional logics develop over time as collective as identities become institutionalized (Jackall, 1988); thereby individuals who are identifying themselves with the collective identity of a social group are more likely to cooperate and accept norms and prescriptions prevailing (Tyler, 1999; Brickson, 2000; Kelman, 2006).

Additionally, it can be argued that the institutionalization of the WISE identity is further strengthened and accelerated by the converting of employment contracts from *Commerce* to *Health and Social Care*; thus clearly establishing a connection to SSM's overarching *Social-Welfare* logic and SSSH's *Work-Integration* logic; which can be understood as a response to institutional pressure to strengthen social legitimacy (Oliver, 1991). In line with this transition, we perceive that SSSH's new collective identity is even further strengthened by the new recruitment criteria where on the one hand employees need to possess expertise and/or interest in personal development and work-training, and whilst on the other hand the participants are required to voice a fit with the organization and their sets of values (Thulin); thus structurally reconciling discrepant organizational roles and expertise into one overarching purpose.

Part 2. Analysis: Balancing Compound Goals through Steering Mechanisms

According to theory, whilst the *Social-Welfare* logic dictates employing products and/or services to address social needs (Pache and Santos,2013) which today in the case of SSSH takes place in selling secondhand merchandise to finance SSM' social activities and providing work-training; the *Commercial* logic analogous to Pache and Santos (2013) necessitates generating surpluses and profitable outcomes. Therefore as they are considered to be positioned between institutionally legitimate categories of organizations (Pache and Santos,2013), in the view of Evers (2004), SSSH face a complex agenda made up by various goals where they may choose to accommodate steering mechanisms from the private, public and/or non-profit sectors.

Although SSSH is by default a non-profit WISE as they are internally structured within a non-profit association and thereby subjected to the no distribution constraint (Hansmann,2003) we conversely observe that SSSH in practice actually utilize *all three steering mechanisms typically associated with for-profit WISEs* as commitment devices to align dual missions (Eldar,2014): **certification**-; SIQ-certificate, **contractual**-; contracts with constituents, and **control** mechanisms; regulation of subsidies and the group of participants entitled the service. We argue that one possible explanation for this occurrence is SSSH's (*Charity*)-*Retail* logic's strong commercial market anchoring; thereby perceived more eligible to the notion of an *enterprise* rather than a *charity*, as advocated by (Defourny and Nyssens,2010). Furthermore, we argue that SSSH's incorporation of certification mechanisms supports Furusten's (2013) argument that competence centers such as SIQ emerged as means for organizations to obtain and demonstrate "*true*" expertise and quality in a certain areas; in SSSH's case of work-integration. We thereby discern that contractual relationships serve as a measurement function of participants' progress as specified deliverables in agreements, thus aligning the interests of SSSH and their constituents by providing a structure for balancing the commercial (store's financial viability) and social missions (integrating disadvantaged workers into the regular labor-market); as advocated by Eldar (2014). We observe that there are strong incentives to keep SSSH's operations commercialized in order to generate revenues for continuing their operations and to form a suitable platform for providing *real work* experience; confirmed by Thorell's statement "*our stores and our SE is supposed to reflect reality*". Consequently, we claim that these objectives can be further explained by the very nature of WISEs and their need to remain financially viable accompanied by providing regular labor-market experiences through market-oriented work cultures (Spear and Bidet,2005).

Additionally, the contracts between the SSSH and public EAs can be understood as techniques to control participants' progress (Eldar,2014) and to by doing so *influence* the rules of the game and key-stakeholders (Oliver,1991; Steiner and Steiner,2011; Furusten,2013) through local agreements, requiring follow-ups together with the EA and striving for training quality rather than quantity (Dizdar; Thulin). The employed contractual relationships shifted a degree of SSSH's responsibility onto constituents and participants as an aspiration to step away from being solely accountable for "*a person's entire life*" (Thulin). Consequently, the transferring of accountability can be understood as the response of *responsibilization* to institutional pressure presented by Alexius (2011); which in the case of SSSH facilitates delimitation from duties unrelated to work-training which enables SSSH to primarily focus on participants' retail-expertise and work-related empowerment.

Finally, in our opinion SSSH's temporary work-integration objective; drawing upon the definition provided by Spear and Bidet (2005), triggered the initiatives for providing support structures to the

newly assembled mentor and work-coach roles which encourage the accomplished participants to proceed to the regular labor-market (Thulin). Accordingly, we apprehend that actively pursuing role- and procedural structures through workshops, dialogue and internal documents (Thulin); serve as complementary internal control mechanisms for keeping the missions integrated and enforcing the new collective identity as retail and coaching professionals; thereby balancing their institutional logics.

CHAPTER II: Main Findings

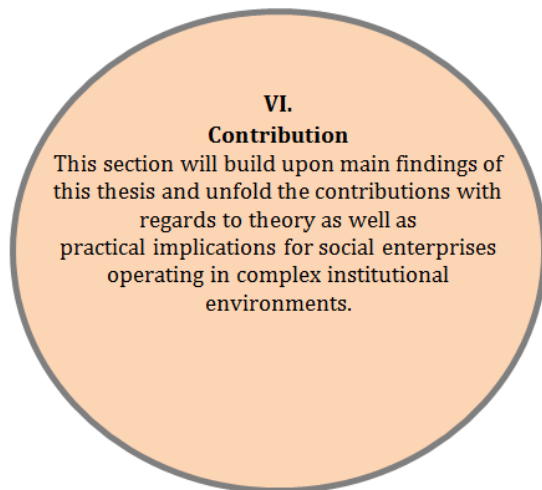
How can they co-exist?

Building upon findings from Chapter II, we observe that after SSSH transitioned into a WISE, the overarching *Social-Welfare-* and *Market* logics do not act as contending, but instead act as complements in attaining the work-integration mission. It becomes evident that the tangible and intangible effects of the *idea work* tied together all logics, as *Christian-Ethos-* and *(Charity)-Retail* logics became complementary where they both became equally in focus and interrelated into one work-integration context. It showed that having successfully commercialized stores (*(Charity)-Retail* logic) is detrimental for providing qualitative and reality based work-training to make the participants employable (*Work-Integration* logic); thus making these elements mutually dependent. This confirms that engaging in a profitmaking activity and furthering a social good must act as co-equal (Smiddy,2010).

Furthermore, we claim that the co-existence of logics is feasible due to the *Christian-Ethos* logic; originating from SSM's religious ideology stemming all the way back to their roots within the *Inner Mission* in the 1850's. Consequently, we understand the *Christian-Ethos* logic as an integral facilitator for reconciling SE's contending *Market-* and *Social-Welfare* logics, by theory; thus hindering potential divergence over time; which is further reinforced by SSM's purpose clause advocating that the top management should act as *idea carriers* of their *Christian-Ethos* values.

Finally, we argue that SSSH's utilization of for-profit WISE mechanisms; certification, control and contracts, rather than merely relying on the no-distribution constraint associated with SSM (Evers,2001; Hansmann,2003), is crucial for avoiding the risk of mission conflict which was present when the commercial focus within SSSH was too distant from the social mission of SSM. In our opinion, especially the for-profit transactional relationships specifying deliverables and shifting a degree of responsibility onto participants and constituents; together with the complementary internal control mechanisms of role-restructuring and new procedural and recruitment criteria; are important in aligning SSSH's and SSM's missions. Accordingly, we acknowledge the equal strive to become professional in both work-integration and secondhand retail operations, as necessary aspects for integrating the commercial- and social missions within SSSH as means to attain a balance between the two (Appendix V).

VI. Contribution



The first contribution of this thesis shows that identifying emergence and development of institutional logics in work-integration SEs need not necessarily be restricted to the conventional sector belonging (Pache and Santos, 2013; Battilana and Lee, 2013), but could and should be more nuanced.

This is evident from our findings as the *Social-Welfare* logic in SSM emerged from ideology and took place in the *Christian-Ethos* logic. Hence, belonging to the non-profit sector need not merely encompass enacting a *Social-Welfare* logic, as it would have in our case provided an incomplete finding due to the

important role that *Christian-Ethos* played throughout the organization's history. Additionally, it is important to note that the four-sector model acknowledges that boundaries between sectors are not sharply drawn (Wijkström and Einarsson, 2006), as in the cases of WISEs positioned between institutionally legitimate categories of organizations (Pache and Santos, 2013). In our opinion; as can organizations cross boundaries, so can institutional logics. This is especially evident in our nuancing between two forms of the *Charity-Retail* logic, explained when answering our first research question identifying logics within SSSH. Here we showed that the *Market* logic acted substantially differently in employing commercial-retail elements and consequently in the degree of incorporating the overarching social-mission into SE's daily operations (which outweighed in the case of Små Smulor supporting the financially-constrained customers, compared when the SSM board initiated commercialization efforts when SSSH primarily targeted fashion-conscious customers and acted more similar to a company than a charity).

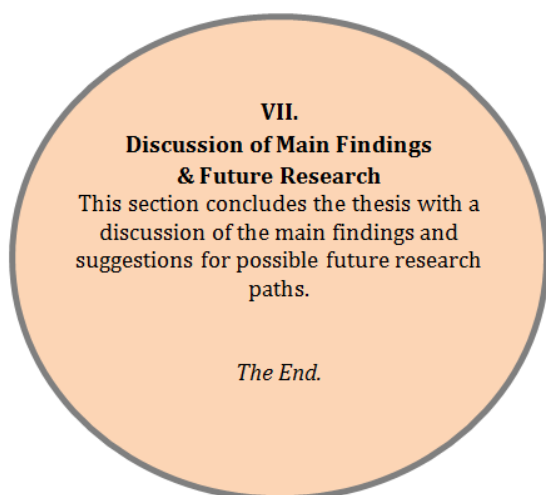
Building further upon this, the second contribution of this thesis is the finding that logics considered as contending; as those of *Social-Welfare* and *Market*; when further nuanced exhibit that they are not necessarily contending, as in the case of *Christian-Ethos* logic and *Charity-(Retail)* logic where we observed a convergence and co-existence of the two. We accordingly recognize that it was first when distinct collective identities emerged in SSSH after having imported new elements from the private sector; i.e. professional commercial retail; logics actually became more two-streamed and diverged (as in Chapters I:III and IV).

Thirdly, we propose a theory that selective coupling of intact elements from the *Social-Welfare* and *Market* logics can be understood as an institutional logic on its own; in our case taking form in the *Work-Integration* logic. The newly established *work integration service provider identity* drew upon both previous identities and was highly dependent on equal co-presence of a *Christian-Ethos* logic and mission aiding the *socially-excluded* individuals facing difficulties of obtaining employment in the regular labor-market; and in having a *(Charity)-Retail* logic and mission which facilitated procedures reflecting commercial-retail *reality* of the private sector which assists the participants in becoming employable. We therefore see that SSM and SSSH with their legal form of a non-profit association drew upon both *non-profit* mechanisms (no-distribution clause) as well as all three *for-profit* coupling mechanisms (certification, contracts, control); where we argue that the choice of

employing all mechanisms stems from the uniting nature of the *Work-Integration* logic and (*Charity*)-*Retail* logic's strong market anchoring.

Finally, the practical contribution and implication of this thesis infers that the nature of SE's operations is detrimental for obtaining legitimacy from the institutional environment. In our study we observed that intra-institutional structuring plays a prominent role where the internally embedded commercial SE re-invests their revenues into their non-profit parent to further parent's overarching social mission. Here we recognize that the very nature of the SE's employed activities may vary in the level of relatedness to the overarching social mission it assists to fund. We identify a spectrum of mission differences throughout the history of SSM where SSSH was: *indirectly related* to parent's overarching social mission, i.e. selling clothes to fashion-conscious consumers as in Chapter I:III; *more directly related* to parent's overarching social mission, i.e. selling clothes to financially constrained as in Chapter I:II; or *directly related* to the overarching social mission, i.e. supporting the socially excluded to transit into the regular labour market as in Chapter I:V. Here we argue that the more indirectly related the parent's and SE's missions are - the higher risk of mission divergence. Hence, the less attached employed means to attaining the social mission become, the higher the risk of jeopardizing their non-profit status; as demonstrated in our study where commercial success led to potential loss of tax-concessions and perceived legitimacy. Conversely, the more directly related the parent's and the SE's missions; albeit more complex - the more unified the missions become. To conclude, although *all* generated revenues since the start of Små Smulor to present day contributed to SSM's overarching social mission, they in varying degrees affected the social capital of the organization; thus emphasizing the need to align the nature of missions between the SE and their parent organization.

VII. Discussion of Main Findings and Future Research



In management studies, looking for organizational solutions prevalently occurs from a future standpoint in terms of where the organization *should be* when compared to others. We conversely argue that organizations should go back in time, recall what founded them, and ask themselves "*Who are we? What are our espoused values*"; as Marika did in 2005. Here we observe that the backbone of the reconciling work-integration mission and logic within SSSH share a common driving-force with *Inner Mission's* goal of "*filling in where society is not enough*" and re-integrating the socially excluded (SSM Documentary, 2013) stemming from their *Christian-*

Ethos ideology. It is our understanding that it is of detrimental value that organizations live after their fundamental principles, as they have a large impact both *internally*, in forming employees' collective identities and infusing organizational action with meaning; and *externally*, in generating social capital and obtaining legitimacy in the lenses of the institutional environment by being related to the overarching social mission. The ability to learn from the past and translate those learnings into future action is therefore in our view key for long-term organizational survival. We therefore encourage

future research to look into how social enterprises leverage on their founding values in reconciling their missions and logics.

In addition, we find it interesting to speculate the potential effects with regards to institutional logics if SSM had chosen to pursue the alternative of turning SSSH into a company. As previously deliberated, the *Christian-Ethos* logic was identified as the key facilitator for intra-institutional coupling of SSSH's institutional logics and missions, in the form of a reconciling *Work-Integration* logic. Moreover, social capital stemming from public trust and perceived legitimacy of social operations was recognized as detrimental for SSM's survival as a non-profit association; as has been demonstrated from *idea work* in Chapter I:IV. This chapter also raised concerns of the downside with the prevalence of for-profit retail mission; which could have potentially endangered the legitimacy of parent's acknowledgement as a non-profit organization. We accordingly encourage future research to investigate the effects of transitions between intra-organizational and inter-organizational structuring by looking into *external consequences* with regards to the institutional environment and social capital; as well as *internal consequences* within SEs with regards to collective identities, changes in institutional logics and choices of employed mission balancing mechanisms.

Finally, we would like to pursue a discussion concerning how contending and contradictory the *Social Welfare* and *Market* logics brought up by Pache and Santos (2013) and Battilana and Lee (2013) really are. We suggest that future researchers might want to look at the commonalities of these logics rather than contradictions as it could be argued that the differences stemming from their sector belonging become more and more vague due to multiple sector memberships as organizations to a larger extent incorporate elements from institutions other than their own ideal types. For example, in the case of SSSH we discern several common elements between the *Market* -and *Social Welfare* logics, such as: *customer resources* stemming from sales (secondhand merchandise and participants receiving work-training), *employing for-profit balancing mechanisms* and striving for *expert knowledge* and *professionalism*. We would therefore like to conclude this thesis with a quote by Alan Alda:

"Your assumptions are your windows of the world. Scrub them off every once in a while, or the light won't come in."

The End.

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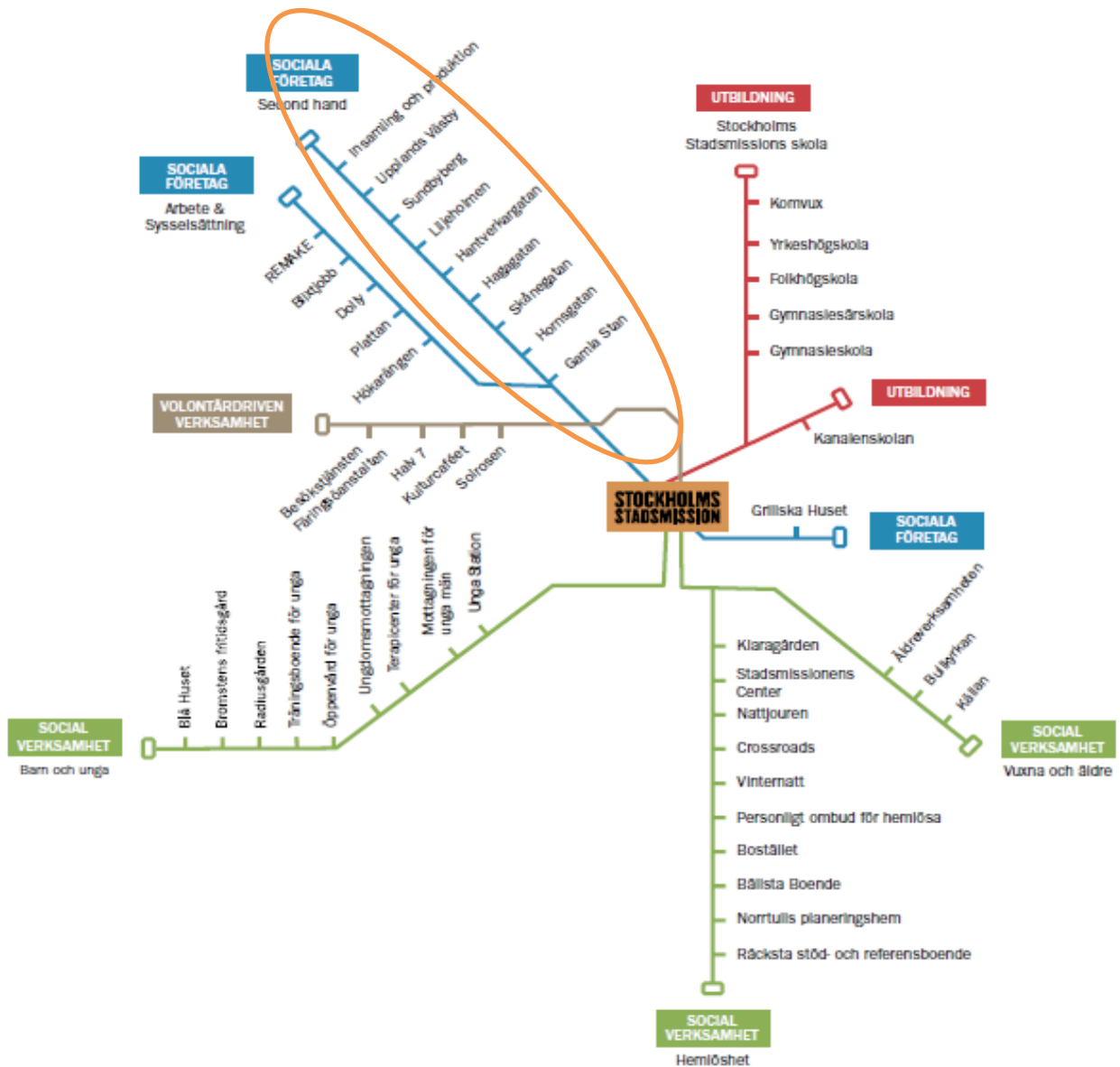
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Appendices

Appendix I: Delimitations and Research Area



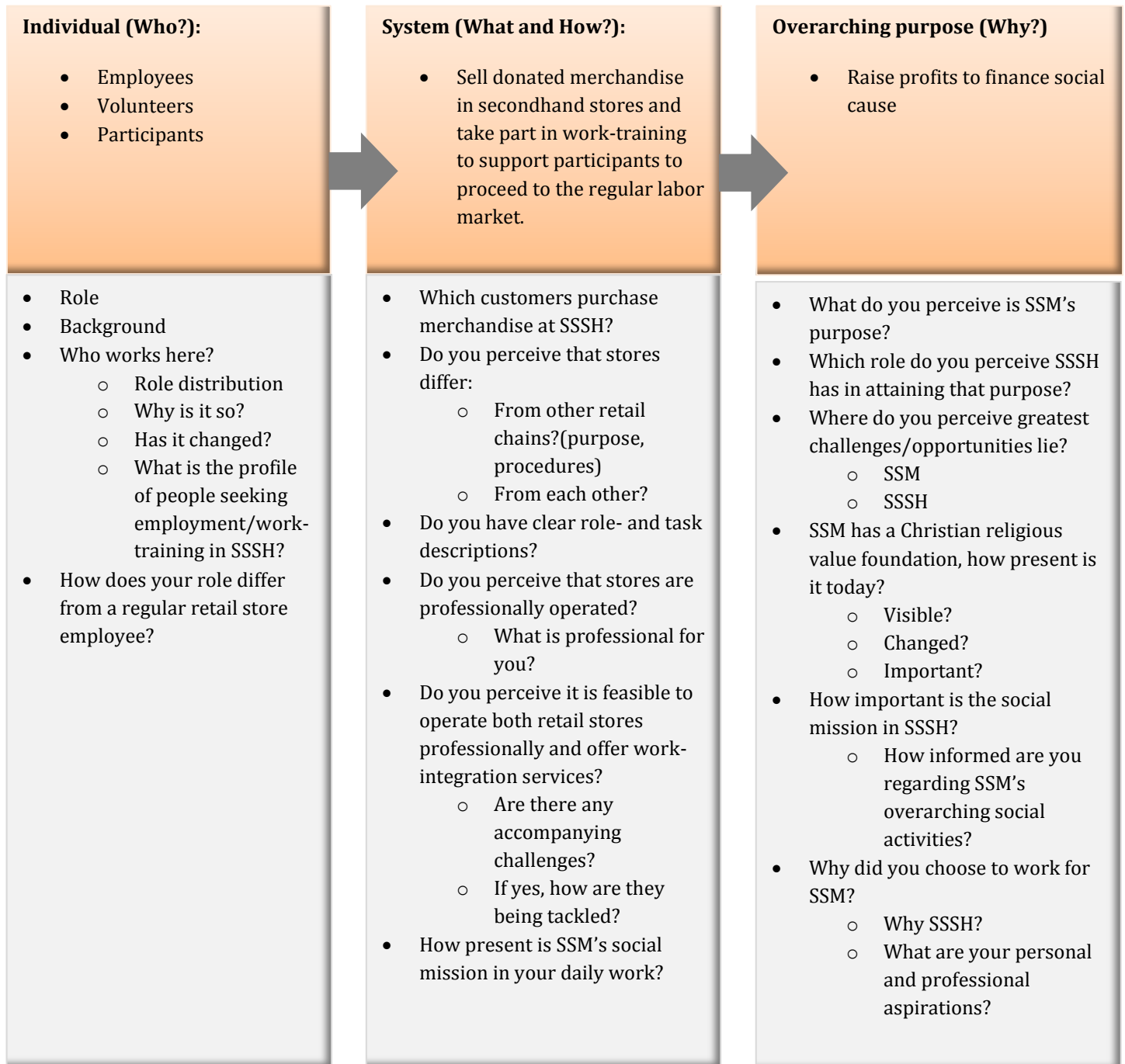
Appendix II: Interview Sample

	Interviewee	Title	Interview Channel	Interview Location	Date
1.	Marika Markovits	Director	in person	Head Office	14/4-2014
2.	Janna Hellreup	District Chief, Social Enterprises	in person	Head Office	17/03-2014
3.	Björn Thulin	Process manager work and employment, Board member for Social Enterprises	in person	Head Office	2/4-2014
4.	Lisa Minnhagen	Responsible for Volunteer Development	in person	Head Office	24/3-2014
5.	Lars-Åke Ström	District Chief for Production and Procurement of Social Enterprises	telephone	n.a.	28/4-2014
6.	Marie Malm	Chief Responsible for Production and Procurement of Social Enterprises	telephone	n.a.	28/4-2014
7.	Linda Apelqvist	Operations leader	in person	Sudbyberg store office	10/3 -2014
8.	Jeanette Axlander	Operations leader	in person	Skånegatan store office	12/3-2014
9.	Athina Kundromichalis	Operations leader	in person	Liljeholmen store office	12/3-2014
10.	Andreas Thorell	Operations leader for REMAKE	in person	Sickla store office	27/3-2014
11.	Emilia Nordgren	Employee	in person	Sundbyberg store office	14/3-2014
12.	Maria Marklund	Employee, former Operations leader for Skånegatan	in person	Liljeholmen store office	19/3-2014
13.	Iggy Dizdar	Mentor	in person	Liljeholmen store office	19/3-2014
14.	Izabelle Missirli	Mentor	in person	Liljeholmen store office	19/3-2014
15.	Oliver Kärrbäck	Mentor	in person	Skånegatan store office	25/3-2014
16.	Alex Höglind	Work-coach	in person	Liljeholmen store office	19/3-2014

17.	Viktoria Zuziak	Volunteer	in person	Stockholm School of Economics	14/3-2014
18.	David Sundén	Stadsmissionen's internal project consultant; Former Stadsmissionen Västerås CEO	telephone	n.a.	1/4-2014
19.	Linus Bergström	Organizational developer for Göteborgs Kyrkliga Stadsmission	telephone	n.a.	4/3-2014
20.	Johan Oljeqvist	Former Myrorna CEO	in person	Fryshuset	28/2-2014
21.	Stefan Einarsson	Researcher, PhD	in person	Stockholm University	08/04-2014

Appendix III: Interview Design and Questions Overview

Definition of organization (Jacobsen and Thorsvik, 2008): *relations established by **individuals** who formed a **system** in order to reach an **overarching purpose**.*



Appendix. IV: Mentor and Work-Coach Job Descriptions

Mentor

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Tillägg till uppdragsbeskrivning gällande Handledare inom Sociala företag

Handledaruppdraget innebär att vara ytterst ansvarig på enheten för människor i arbetsträning, arbetsprovning och/eller rehabilitering.

Huvuduppgift: Att inom ramen för sociala företag handleda, coacha och utveckla människor i arbetsträning på ett strukturerat och kvalitativt sätt. Att sälja arbetsträningsskonceptet och arbeta nätverksinriktat med interna och externa aktörer.

I uppdraget ingår att:

- Tillsammans med den som arbetstränar planera arbetsträningen/rehabiliteringen.
- Coacha/stödja deltagaren och följa upp hur arbetsträningen går.
- Vara med när deltagaren träffar ansvarig handläggare från uppdragsgivaren.
- Skapa en struktur i vardagen på arbetsplatsen för den som arbetstränar
- Se till att den psykosociala arbetsmiljön är god
- Lära deltagaren om förväntningar och samspel på en arbetsplats samt uppmärksamma det egna beteendet som individ och i grupp.
- Stötta och motivera deltagaren till externa kontakter på arbetsmarknaden
- Ha regelbundna uppföljande samtal med deltagaren
- Delta i egen handledning samt i de utbildningsinsatser som förekommer för handledare

Ansvar:

- Ansvara för och samordna handledningsarbetet i butiken
 - Stötta övriga medarbetare på avdelningen i kontakten med och coachning av deltagare.
 - Kvalitetssäkra handledningsarbetet på avdelningen så att givna riktlinjer följs.
 - Utveckla och implementera arbetsmetoder för arbetsträning och handledning.
- Ansvara för arbetsträningsskonceptet i butiken.
 - Dokumentera arbetsmetoder.
 - Bidra till att paketera tjänsten arbetsträning så att den blir attraktiv att köpa.
 - Bidra till att paketera tjänsten arbetsträning så att den blir attraktiv för deltagare.
- Ansvara för uppföljning av deltagare internt/externt
 - Teckna avtal med uppdragsgivare för varje deltagare, samt följa upp och kvalitetssäkra leverans i relation till avtalen
 - Arbeta med uppföljning av medarbetare med behov av stöd.
 - Arbeta med uppföljning av deltagare i arbetsträning.
 - Arbeta med nätverken kring deltagare i arbetsträning.
 - Följa upp och skapa nya avtal för deltagare och medarbetare med behov av stöd.
- Följa upp och rapportera arbetsträningsskonceptet
 - Rapportera efterfrågade nyckeltal till avdelningsansvarig..
 - Följa upp att de verksamhetsmässiga målen nås.
 - Rapportera och analysera avvikelser, komma med förslag på åtgärder samt verka för att planerade åtgärder genomförs.

STOCKHOLMS STADSMISSION

Tillägg till uppdragsbeskrivning gällande Yrkescoach inom Sociala företag

Att vara yrkescoach innebär att förmedla praktisk yrkeskunskap på enheten för deltagare i arbetsträning, arbetsprövning och/eller rehabilitering samt för elever på praktik och medarbetare med utvecklingstjänster.

Huvuduppgift: Att inom ramen för sociala företag handleda, coacha och utveckla människor i arbetsträning på ett strukturerat och kvalitativt sätt. Att stödja personer som står långt ifrån arbetsmarknaden in i arbetslivet genom att på ett pedagogiskt vis förmedla specifik yrkeskunskap inom t.ex. butik, café/restaurang eller produktion.

I uppdraget ingår att:

- Tillsammans med den som arbetstränar göra en plan för utveckling i de olika arbetsmoment som finns i verksamheten
- Pedagogiskt förmedla de praktiska färdigheter som behövs i arbetet
- Coacha/stödja deltagaren och följa upp hur arbetsträningen går
- Skapa en struktur i vardagen på arbetsplatsen för den som arbetstränar
- Se till att den fysiska arbetsmiljön är god
- Uppmuntra och motivera deltagaren till studiebesök inom branschen
- Ha regelbundna uppföljande samtal med deltagaren
- Delta i de utbildningsinsatser som förekommer för yrkescoacher

Ansvar:

- Arbeta med att förbättra arbetsmomenten på arbetsplatsen
 - Tillsammans med verksamhetsledare arbeta med ständig förbättring av verksamhetens arbetsprocess
 - Påtala brister och komma med förslag på åtgärder
- Ansvara för att rutiner och arbetsinstruktioner efterlevs
 - Själva vara en förebild för samtliga medarbetare i verksamheten
 - Förmedla rutiner och arbetsinstruktioner rörande kvalitet och koncept till samtliga medarbetare
- Ansvara för uppföljning av deltagare internt
 - Arbeta med uppföljning av medarbetare med behov av stöd.
 - Arbeta med uppföljning av deltagare i arbetsträning.
 - Arbeta med nätverken kring deltagare i arbetsträning.
- Följa upp och rapportera arbetsträningsresultat
 - Rapportera efterfrågade nyckeltal
 - Följa upp att de verksamhetsmässiga målen nås
 - Rapportera och analysera avvikelser, komma med förslag på åtgärder samt verka för att planerade åtgärder genomförs.

Appendix V: Historical Mission Development in SSM and SSSH

Figure 11.

When Små Smulor were established and the Charity-(Retail) logic prevailed; the social and commercial missions were equally present

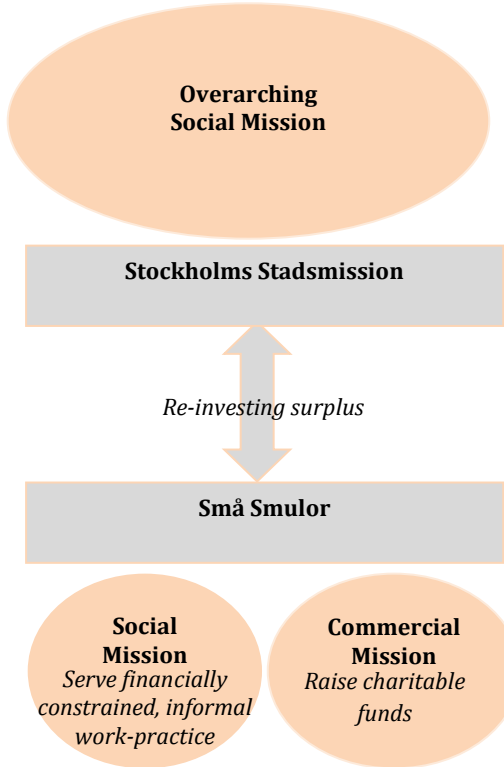


Figure 12.

When Små Smulor changed name to SSSH and the (Charity)-Retail logic prevailed; the commercialization focus outweighed the social mission

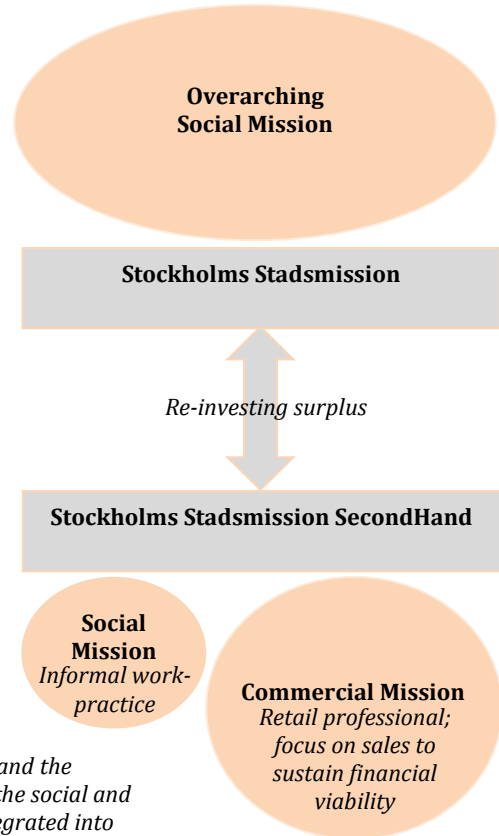


Figure 13.

When SSSH became a WISE; and the Work-Integration logic prevailed; the social and commercial missions became integrated into one work-integration mission and were equally present

