

A Tale of Two Countries

Social Business Incubation in Sweden and the United Kingdom

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Abstract:

Social business incubators are important elements in the social entrepreneurship ecosystem in most countries. The importance in practice is not reflected by the academic literature, which has rarely researched social business incubators. As actors in the field of social entrepreneurship, they are exposed to the different institutional logics that characterise this field. Social entrepreneurship is highly context dependent and thus the strength of the tensions can vary across countries. By researching social business incubators in Sweden and the United Kingdom, this thesis attempts to answer the research question: to what extent do institutional logics shape social business incubators. To find an answer, the institutional logics constellation in the environment of the incubators is analysed. Secondly, the organisational practices were studied to understand how incubators interpret and reproduce the logic constellation. The findings suggest that social business incubators are not shaped by institutional logics with regards to their goals. However, the institutional logics partly shape the means which social business incubator employ to reach the goals.

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Keywords: *Social Entrepreneurship, Social Business Incubator, Institutional Logics, Sweden, United Kingdom*

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I am incredibly grateful for the support and open ears from friends and family.

Definition of terms:

Term	Definition
Social Business	The terms ‘social business’, ‘social venture’ and ‘social enterprise’ are used interchangeably in this paper.
Incubator	The terms ‘incubator’ and ‘accelerator’ are used interchangeably in this paper. This is further elaborated in the literature review
Commercial Incubator	In the context of this thesis, commercial incubators mean incubators that are operated to create a profit. They can be independent, part of a large corporation or in a university.
Institution	The term institution is defined along the lines of North (1991), to be “ <i>humanly devised constraints that structure political, economic and social interactions</i> ” (p. 97)

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1. Introduction

While in the 1980s only a few incubator facilities existed in the United States, more than 7000 incubators exist world-wide today (Al-Mubarak & Busler, 2014). Many scholars (Bergek & Norrman, 2008; Hackett & Dilts, 2004; Khalid, Gilbert, & Huq, 2014; Sanders, 2014) explain this rapid dissemination across countries with the incubator's ability to deliver benefits through a wide variety of socio-economic, cultural and institutional settings. Specifically, the core purpose of incubators, which is to grow other organisations has allowed incubators to spread quickly across different settings (Khalid et al., 2014). This *raison d'être* has also been transported across the varieties of incubators such as university, corporate, regional, virtual or economic development incubators. Yet, as some scholars have observed, when introduced to a new setting, incubators are facing need to adjust to the new setting. In light of that, scholars have been interested in studying university incubators which need to combine demands of research, education and profit (Hjortsø, 2015).

A field that is also characterised by different, at times incompatible tensions is social entrepreneurship. The field is located at the intersection of the market, the community and the public sector (Ridley-Duff & Bull, 2015). By operating in all three spheres simultaneously, actors in this field need to cater to the demands of these different spheres. Many authors have discussed how the demands shape the practices of social businesses. However, there is no universal definition of social entrepreneurship (Nicholls, 2010), rather social entrepreneurship is differently defined by different countries. As Gawell, Lundgaard Andersen, & Spear, (2016) argue, the approach to social entrepreneurship is deeply engrained in the local institutions and traditions. In other words, the market, community and public sector spheres can differ from one country to another. Following this line of argumentation, actors in the field of social entrepreneurship need to adjust their organisations to the setting.

These two fields, incubation and social entrepreneurship have rarely been researched in tandem. In many countries, social business incubators are seen as an important element in the social entrepreneurship ecosystem. Although established in practice, Hausberg & Korreck (2017) observe a lack of research on these incubators. As their name suggests, these organisations combine the social business with incubation. As with university incubators, these social business incubators are subject to various demands from their environment. Especially in social entrepreneurship, these demands seem to be different depending on the context. Therefore, the question arises how social business incubators are shaped by these demands across countries.

To study this question, this thesis sets out to conduct empirical research social business incubators in Sweden and the United Kingdom. As will be described later on, these countries differ in their approaches to social entrepreneurship. By applying institutional logics, this thesis investigates how this specific type of incubator is shaped by the demands.

1.1. Purpose and Research Question

The purpose of the thesis is to address a research gap that emerges between the fields of incubation and social entrepreneurship. At this intersection, social business incubators have been established in practice, but have rarely been studied (Hausberg & Korreck, 2017). As actors in the field of social entrepreneurship, social business incubators are confronted with the tensions that are present in this field. These tensions however are not uniform across institutional contexts. It is therefore fair to assume that social business incubators in different countries are faced with different tensions.

When studying different tensions, institutional logics provide researchers with a valuable toolbox. Friedland & Alford (1991) describe institutional logics as organising principles that can shape the practice of actors in a field. Indeed, scholars have researched how institutional logics can shape practice (Goodrick, Boch Waldorff, & Reay, 2013; Goodrick & Reay, 2011). It is important to note that logics are reproduced in the practices that are adopted by an individual or organisation.

Thus, when comparing Swedish and British social business incubation, institutional logics seem to offer an interesting perspective on how the institutional context can shape these incubators. Therefore, the thesis will be guided by the following research question:

To what extent do institutional logics shape social business incubators?

To approach this research question, the thesis will firstly shed light on the different institutional logics that social business incubators are exposed to. Secondly, it is important to understand how the incubators interpret and enact the institutional context. Figure 1 is a visual representation of the research question.

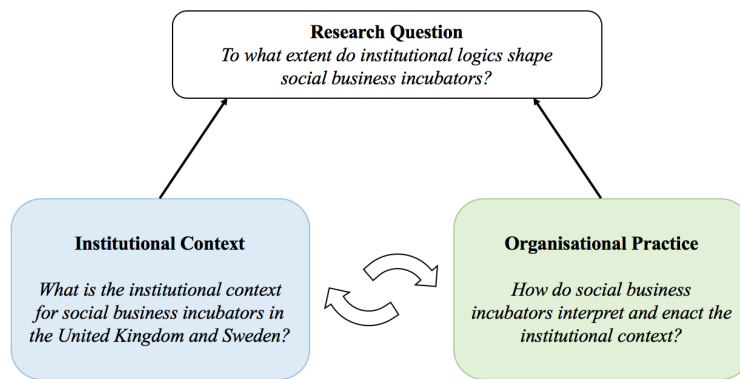


Figure 1: Graphical representation of the research question

1.2. Expected Contribution

By finding an answer to the research question, this thesis seeks to make two theoretical contributions. Firstly, the sparse literature on social business incubators will be updated with an empirical study about organisations in different countries. Social entrepreneurship has, especially in the last decade, been a rapidly changing field with various actors entering and leaving the stage. Alongside social entrepreneurship, the practice of social business incubation has changed with its environment, which is casting doubt on the validity of the earlier studies. This study will try to re-establish the lost connection between theory and practice. Secondly, the institutional literature is complemented by this empirical study about how institutional logics shape the practices of organisations on different organisational properties.

Besides the theoretical contribution, the thesis will also attempt to make a contribution for practitioners. Social business incubators are still rather new in Britain and Sweden. While there is some knowledge and best-practice sharing between incubators in the United Kingdom, most incubators in Sweden are not interconnected. Moreover, determining the degree to which the institutional context shapes the practices of social business incubators is interesting for those that can shape the context. Policy makers in both countries can learn lessons from policies and their impact on incubators. Especially Swedish policy makers are new to the field and can learn lessons from the effect of policies for the social business incubator population in the United Kingdom. Lastly, social entrepreneurs that are looking for incubation are

often geographically flexible and this study might inform their choice of a suitable incubator location.

1.3. Thesis Outline

After the introduction, the previously established literature will be discussed, on the basis of which a theoretical framework is developed. After explaining the methodological choices for the study, the empirical findings will briefly be stated. These findings serve as the foundation for and will be further elaborated in the subsequent analysis. The implications of the analysis are then discussed more broadly before coming to a conclusion. Figure 2 illustrates this structure.

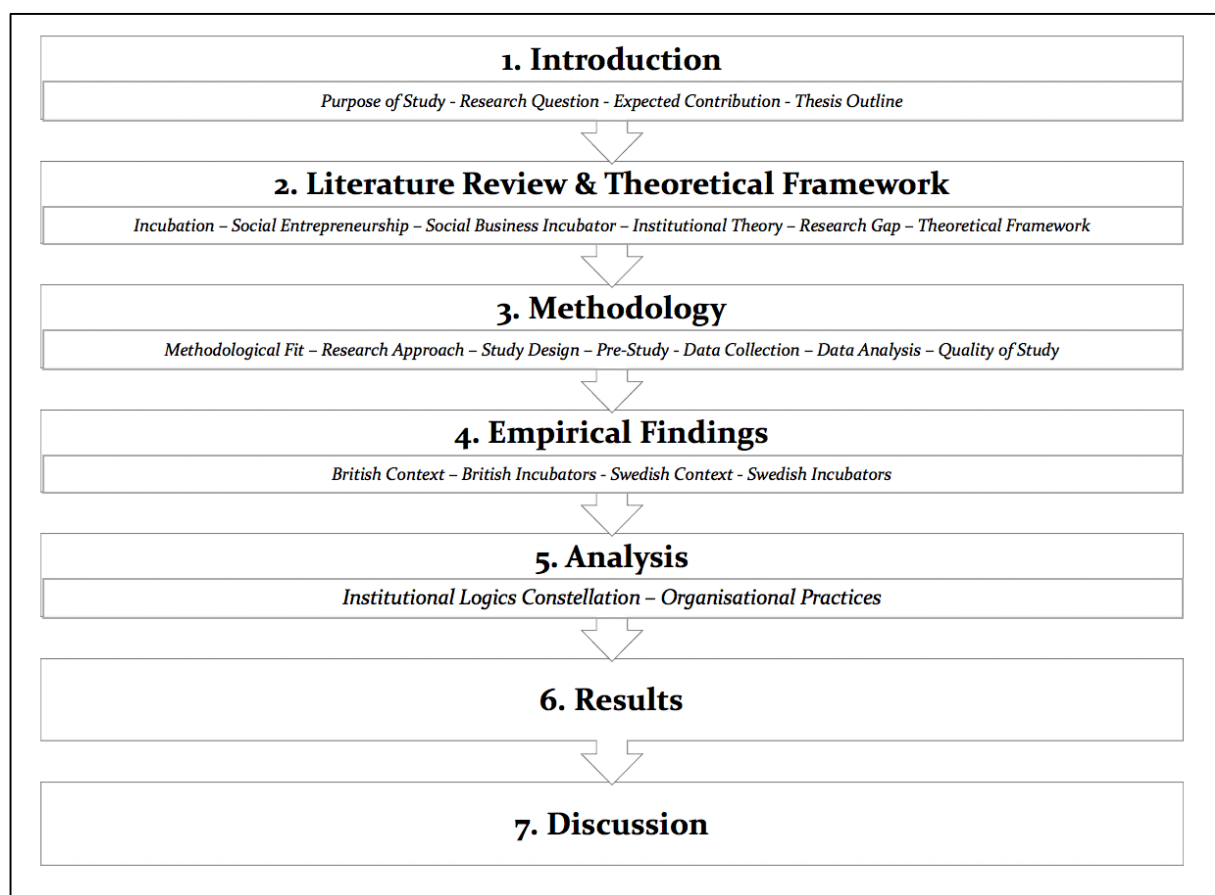


Figure 2: Thesis structure

2. Literature Review and Theoretical Framework

The following section will review the literature on incubation (2.1) and social entrepreneurship (2.2). Social business incubators (2.3) will then be analysed, using institutional logics (2.4). The research gap (2.5) is described, before elaborating on the developed theoretical framework. Figure 3 is meant to guide the reader through this literature review.

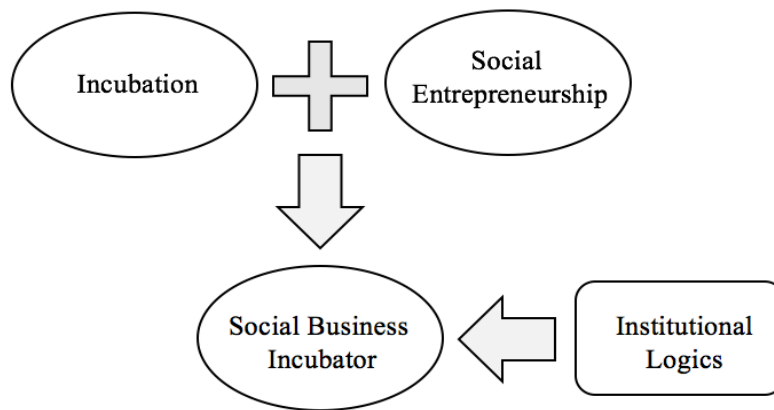
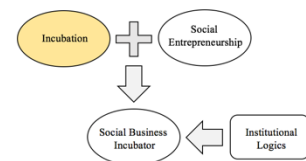


Figure 3: Map for literature review

2.1. Incubation

The etymology of the term ‘incubation’ lies in the practice of hatching something (Ridley-Duff & Bull, 2015). The ancient Greeks and Romans hatched ideas by practicing *incubatio* (Aernoudt, 2004), later incubators were used to artificially hatch chicken eggs. Today, the term is often used in the context of hatching start-ups or technologies. While Etzkowitz (2008) observed the first attempt in Thomas Edison’s ‘invention factory’, business and technology incubators only started emerging in the United States in the 1980s. Today, they are recognised as an important tool to foster entrepreneurship all across the world (Al-Mubarak & Busler, 2013; Mian, 1997).



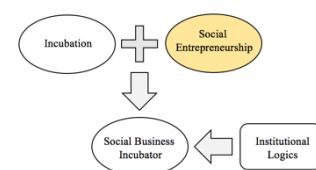
With the spread of the practice, different types of incubators started developing. Amongst the most common incubator types are university, technology, corporate,

independent, mixed, economic development, virtual, development and social incubators (Barbero, Casillas, Wright, & Garcia, 2014). Alongside the incubator, other similar organisations such as accelerators, angel investors and co-working environments (Cohen & Hochberg, 2014) exist. In theory, incubators are distinguished from other organisations such as accelerators or co-working spaces. In practice, however, this distinction is blurrier and Cohen & Hochberg (2014) confess that “*some programs with the word accelerator in their names are actually what we historically termed incubators*” (p. 3). The lacking practical coherent distinction between different organisations focused on incubation complicates academic research on these organisations. For the purpose of this study the term incubator is defined broadly as an organisation “*to support the creation and growth of its (...) firms during the start-up years through value-added contributions - the incubation process*” (Mian, 1997, p. 257). This definition may also include organisations that label themselves as accelerators or co-working spaces. For this thesis, suitable organisations for the data collection were identified based on four criteria, established by Cohen & Hochberg (2014). Despite the simplicity of the criteria, they shift the focus to the organisation’s practices, rather than its self-selected label.

1. Selective application process
2. Limited duration of the program (up to 12 months)
3. Learning component (mentorship or modules)
4. Focus on ventures, not individuals

2.2. Social Entrepreneurship

Social entrepreneurship is nothing new, but has existed in some shape for centuries (Gawell et al., 2016). Contemporary scholars are mostly interested in the social entrepreneurship that was triggered by the establishment of the Grameen Bank in the 1970s. Although the term has been used since then, only six publications on the topic in the time from 1991 until 1996 existed (Griffiths, Gundry, & Kickul, 2013). Since then, the academic and practical interest in the topic has surged. Despite the high levels of interest in the topic today, the field is still considered ‘pre-paradigmatic’ (Nicholls, 2010) and as a concept, social entrepreneurship is neither obvious nor easy to grasp (Gawell et al., 2016).



One stream of the academic literature is engaged with defining and differentiating between concepts, although the line is often blurred in practice. There exists a

multitude of definitions of social entrepreneurship. Kerlin (2009) defines it as “*market-based approaches (that) are used to tackle social or environmental issues by often innovative approaches*”. Other scholars describe it as a “*new model of systemic social change*” (Nicholls, 2006), “*solution to state failures in welfare provision*” (Bovaird, 2006; Nyssens, 2007), “*model of political transformation and empowerment*” (Alvord, Brown, & Letts, 2004), or “*entrepreneurship that seeks to improve social conditions through the establishment of a largely self-sustaining organization*” (Mair & Marti, 2006). Thus, the question of how social entrepreneurship should be defined in this thesis arises. Mair et al. (2006) raise the point that a narrow definition of social entrepreneurship will neglect certain aspects of the concept. As mentioned in the introduction, (Carrera, Meneguzzo, & Messina, n.d.) argue that social entrepreneurship can only be understood in a specific historical and institutional context. Since a narrow definition might indeed work against the purpose of the study, a broad definition of social entrepreneurship as “*market-based solution to social problems*” (Kerlin, 2009) is adopted. It is important to point out that social entrepreneurship needs to be distinguished from social innovation (Gawell et al., 2016). Social innovation is a somewhat broader phenomenon which can, but not necessarily has to, include an element of commercialisation. Somewhat more narrow is social entrepreneurship, which is always linked to practice (Gawell et al., 2016).

To contextualise the analysis of Swedish and British social business incubators, it is important to understand the origins of social entrepreneurship in either country.

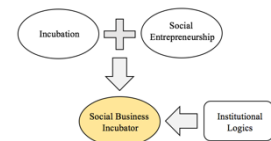
The British approach to social entrepreneurship was for a long time characterised by trusts, charities, cooperatives and mutual societies. After the failure of Keynesian supply-side economics in the late 1970s, public policy started shifting towards entrepreneurial approaches to social problems (Ridley-Duff & Bull, 2015). New Public Management approaches and privatisation of utility companies such as British Gas and British Telecom, gradually put social entrepreneurship on the political agenda (Ridley-Duff & Bull, 2015). Teasdale (2012) argues that social entrepreneurship originated in the co-operative movement and moved towards community enterprises in 1999, due to the instalment of a new government. This government then undertook measures in 2002 to drive the field towards embracing the contemporary approach on social entrepreneurship, which is more focused on the application of business solutions to social problems.

As in the case of the United Kingdom, social entrepreneurship is nothing new in Sweden. In fact, Gawell et al. (2016) argue that it has been around for centuries in different forms and to varying degrees. In the nineteenth century, organisations so-called ‘popular mass movements’ (Lundström & Wijkström, 1997) started to form as civil society organisations engaging with the emerging middle class. These

organisations were predominantly occupied with movements in the areas of labour, women, temperance and religion (Gawell et al., 2016). Later, the twentieth century was marked by the construction of an elaborate welfare state in Sweden and neighbouring countries which was labelled the Scandinavian welfare model (Esping-Andersen et al., 2002). This model entailed a large public sector that was responsible for providing health care, child care, education, infrastructure and even housing (Gawell et al., 2016). The expansion of the state restricted the previously established popular mass movements and civil society organisations to acting as complementary service providers (Gawell et al., 2016). Along with the global discourse on New Public Management approaches, the social entrepreneurship debate was carried back into Sweden (Gawell et al., 2016). With the contraction of the welfare state, Sweden saw a substantial growth of social entrepreneurship and an increasing number of private-public-voluntary partnership and hybrid organisational structures (Gawell et al., 2016).

2.3. Social Business Incubation

At the intersection of incubation and social entrepreneurship stands the topic of social business incubation. These operate in the field of social entrepreneurship - a field comprising organisations that seek to integrate the, seemingly incompatible, business and social mission. Although most social business incubators are not social businesses themselves, it can be argued that they face the same tensions. According to Battilana & Lee (2014), the influence of the institutional context on an organisation is a matter of degree varying with the organization's position in the field. Thus, even though social businesses are highly exposed to conflicting demands, social business incubators can only maintain legitimacy in the field when satisfying the conflicting demands from external constituents.



The state of the academic literature does not mirror the practical developments and popularity of social business incubators. Hausberg & Korreck (2017) observe a lack of research on social business incubators, especially in relation to their commercial counterparts and to the vibrant field of social entrepreneurship. According to Hausberg & Korreck (2017), social business incubators are organisations that support social businesses by various practices typically associated with incubation and acceleration. They seek to create social impact indirectly by developing the social businesses, but they might not themselves be social businesses. It should be noticed that the term is somewhat broader than Aernoudt (2004) description of 'social incubators' which focuses on job-creation and empowerment. According to this

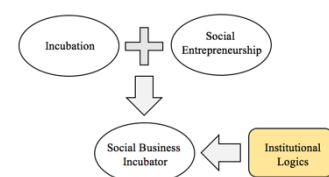
description, social business incubators are mainly concerned with helping work-integration social enterprises to scale their business. Moreover, Hausberg & Korreck (2017) distinguish social business incubators from impact investors or micro-finance institutions. Although, investment in ventures may be part of the activity radius, incubation activities as defined by the four criteria take centre stage.

The sparse literature on social business incubators concentrates on the differences between social business incubators and their commercial counterparts. In an early contribution, Vinokur-Kaplan (1998) observe that social business incubators engage in broader spectrum of activities. Also, the relationship with stakeholders is generally much closer. Another difference that can be extracted from the literature is that most social business incubators need to rely on different income streams than commercial incubators. Although social businesses might be self-sustaining, the profit margins are not comparable to those of for-profit start-ups. Hausberg & Korreck (2017) state that commercial incubators can pursue this as a sole source of income streams, while social business incubators need to consider funds, philanthropic financing or government support. While most of the literature is pointing out the differences to commercial incubators, Carrera, Meneguzzo, & Messina (2006) and Sonne (2012), point out the relationship between the two. According to these authors, social incubators develop into commercial incubators and later into science parks.

2.4. Institutional Theory

The core of institutional theory has been to understand the behaviour of organisations beyond simple rationalistic explanations (Krücken, Mazza, Meyer, & Walgenbach, 2017).

Institutional theory started emerging in the middle of the 20th century, as something that is today called the ‘first wave’, or old institutionalism (Krücken et al., 2017). This agency-perspective on institutional theory emphasises the capacity of organisations to shape their environment (Hirsch & Lounsbury, 1997). Later, the ‘second wave’, or new institutionalism started emerging. With a critique of the overly-action oriented approach, DiMaggio & Powell (1983) advocated an increased focus on structure, giving weight to the field, sector and society level. Reconciling both extremes, Hirsch & Lounsbury (1997) suggested combining the old and new institutionalisms into a ‘third wave’. This embeds organisations in a sociological context, making them subject to different norms and values, but grants them a certain degree of agency. This perspective on institutional theory contains research streams on institutional work,



institutional entrepreneurship and, the currently dominant stream, institutional logics. By using institutional logics, this thesis is therefore positioned at the forefront of current institutional theory research.

2.4.1. Institutional Logics

The concept of institutional logics was introduced by Friedland & Alford (1991) to the broader institutional theory discourse. The authors argue that (Western) society is constituted of several ‘ideal type’ hegemonic institutional orders: capitalistic market, bureaucratic state, democracy, family and religion. Each of these orders demarcates “*unique organising principles, practices and symbols and organisational behaviour*” (Thornton, Ocasio, & Lounsbury, 2012). Institutional logics guide these different institutional orders, and are subtler and more intangible. For example, the underlying logic of the capitalistic market is the commodification of human activity, while the logic of the bureaucratic state is the regulation of human activity by legal and bureaucratic hierarchy. The originally identified institutional orders of Friedland & Alford (1991) were revised by Thornton (2004) to include the market, corporation, professions, family and religion and state. Later, Thornton (2002) also added ‘the community’ to the list of overarching orders. Diverging somewhat from these institutional orders, authors modify the ideal type institutional orders to the organisations under study. For instance, Almandoz (2012) refers to the ‘community’ and ‘finance’ logic in new banking ventures, Voronov, De Clercq, & Hinings, (2013) mention the ‘market’ and ‘aesthetic’ logic in fine wine production or Thornton & Ocasio (1999) describe the ‘market’ and ‘editorial’ logic in higher education publishing.

An emerging stream of research investigates the relationships between institutional logics and practice (Krücken et al., 2017). These studies seek to empirically study how selected institutional logics are enacted by organisations. For this, scholars can either use the institutional orders (Goodrick & Reay, 2011) or modified institutional logics (Almandoz, 2012; Thornton & Ocasio, 1999; Voronov et al., 2013). Similarly, this thesis is interested in these relationships between logics and practice.

2.4.2. Institutional Logics and Practice

The discourse about a relationship between logics and practice has long focused on understanding organisational practice in light of a single dominant logic (Goodrick, 2002; Thornton & Ocasio, 1999). When organisational or individual practices change,

this was explained by a corresponding change in the dominant logic. According to these studies, a single dominant logic brings stability to an organisation until it is replaced by another logic.

Subsequently, the focus shifted towards understanding the coexistence of two logics in an organisational field (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Reay & Hinings, 2009). Drawing on Hoffman, (1999), two conflicting logics could be observed in the context of a transition from one to another dominant logic. Therefore, these institutional logics were described as incompatible or logics with a 'battlefield mentality' (Hensmans, 2003). According to this conceptualisation, logics are inherently competitive with a clear winner and loser after a certain transition period (Goodrick et al., 2013).

In response, Goodrick & Reay (2011) coined the term 'constellation of logics' which refers to a permanent arrangement, a co-existence, of logics in a certain field. In addition to competition amongst logics in transition periods, Goodrick & Reay (2011) argue that logics can also be cooperative. This more permanent view of logics provides a foundation for a more nuanced understanding of how different logics can be combined in the same organisation (Krücken et al., 2017).

2.4.3. Hybrid Organisational Practices

Organisations that are exposed to multiple competing or co-existing institutional logics are called hybrid organisations. In order to gain legitimacy and secure support, these organisations need to go beyond the adherence to one single institutional template (DiMaggio & Powell, 1983). The risk to which hybrids is exposed are that adherence to one logic might hamper the legitimacy with another important logic (D'Aunno, Sutton, & Price, 1991). Yet, Pache & Santos (2013) argue that hybrids are widely recognised to do well in fields of institutional complexity and an increasing number of hybrids can be found in multiple fields. Commonly described as hybrids are hospitals, universities, family businesses or social enterprises (Dacin, Goodstein, & Scott, 2002; Nicholls, 2010; Pache & Santos, 2013, 2010b; Tracey, Phillips, & Jarvis, 2010; Vurro, Dacin, & Perrini, 2010). However, it needs to be noted however that the hybridisation of organisations is a matter of degree.

Interest in hybridisation strategies dates commenced in the agency-oriented first wave of institutionalism. A first repertoire of choices was developed by Oliver (1991) and included: acquiesce, compromise, avoid, defy and manipulate. In line with Oliver, (1991) stance in the institutional theory debate, these identified strategies emphasise

the agency in such decisions, disregarding structures. Notwithstanding the criticism, Oliver's (1991) work marked the starting point of the development of further strategies, such as de-coupling (Greenwood, Oliver, Suddaby, & Sahlin-Andersson, 2008; Meyer & Rowan, 1977) or compromising (Greenwood et al., 2008). Mostly, scholars study hybridisation strategies at an organisational level, paying little attention to the different organisational properties that might be subject to hybridisation. Greenwood et al., (2008) make a distinction between hybridisation at the goals and means level. However, the means that organisations employ to reach goals are multifaceted. In a paper, Battilana & Lee (2014) address the degree of integration of multiple logics across several organisational properties. Although discussing hybridisation strategies, Battilana & Lee (2014) do not related these to the organisational properties.

An important differentiation between the old institutionalism and this thesis is that the former assumes agency in the choice of a hybridisation strategy. The latter understands that external stakeholders might demand a certain hybridisation strategy, but recognises a certain degree of organisational agency. The choice of a hybridisation strategy provides an indication about how organisations make sense of their institutional environment. In this way, institutional logics are reproduced in the practices and symbols that organisations enact (Pache & Santos, 2013).

2.5. Research Gap

The main research gap identified which will be addressed by this thesis is the lack of research on social business incubators (Hausberg & Korreck, 2017). By combining incubation with social entrepreneurship, social business incubators have emerged in the last 5-10 years in various locations. The academic literature however has given the phenomenon barely any attention (Hausberg & Korreck, 2017). So far, it mainly compared social business incubators to their commercial counterparts (Aernoudt, 2004) and found slight, but noticeable differences. Moreover, Hausberg & Korreck (2017) have created a taxonomy of social business incubators across various countries. What has not been studied comprehensively is how social business incubator vary across different countries. The literature on social entrepreneurship emphasises the importance of the institutional context and social business incubators operate in this field. Therefore, the question is, in how far do these social business incubators adjust to the local context. The secondary, contribution is to contribute to the institutional theory by studying the relationship between logics and practice. Although studied before, it has not been well established how organisations apply hybridisation strategies with regards to different organisational properties.

2.6. Theoretical Framework

To address the identified research gap, the theoretical model combines a framework to analyse the constellation of institutional logics (2.6.1) and how they are put into practice by organisations (2.6.2). The model is dynamic because organisations translate the institutional logics into practices. This way, they are reproducing the institutional context at the organisational level. Figure 3 summarises the theoretical model, which will be analysed in more detail in this section.

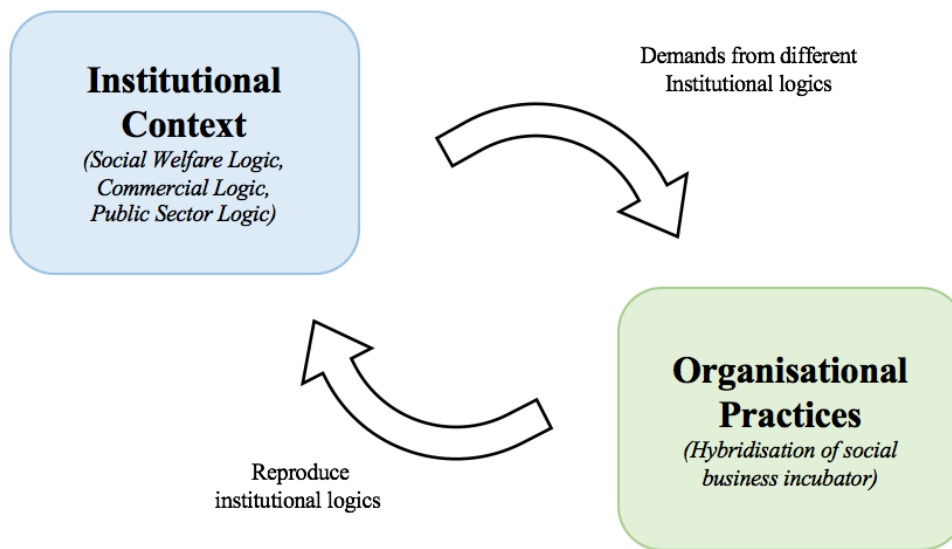


Figure 3: Theoretical Framework

2.6.1. Institutional Logics

To analyse the institutional logics constellations, light must be shed on the macro-context of social business incubators in Sweden and the United Kingdom. For this thesis, modified institutional logics were chosen over the institutional orders (Friedland & Alford, 1991; Thornton, 2004; Thornton et al., 2012). For social entrepreneurship, these modified logics are well established in the literature and therefore deemed appropriate. Moreover, Krücken et al. (2017) argues that modifying the logics provides insights into the enactment of logics through practices and symbols. Conversely, the use of institutional orders allows researchers to study how

institutional orders are created and changed. Since the purpose of the thesis is to research the extent to which institutional logics shape social business incubators, the choice of modified institutional logics is suitable.

To examine the logics constellations for social business incubators, a framework developed by Pache & Chowdhury (2012) will be referred to. This framework includes the ‘social welfare logic’, ‘commercial logic’ and ‘public sector logic’. All are modifications of the central logics underlying the institutional orders, which are characterised by unique organising principles, practices, symbols and organisational behaviour (Thornton et al., 2012). Later, each of the three logics will be used to analyse the institutional context for social business incubators in both of the studied countries.

	Public Sector Logic	Commercial Logic	Social Welfare Logic
Goal	<i>Ensure fairness, equal access transparency across different levels of society</i>	<i>Maximise surplus revenue from organisational activities, efficiency</i>	<i>Improve social conditions and relieve suffering from of beneficiaries</i>
Stakeholders	<i>National and local government entities, multilateral funding agencies, regulators, elected officials</i>	<i>Clients, business partners, investors, shareholders</i>	<i>Non-profit social partners, charitable and philanthropic funders, beneficiaries</i>
Interaction with Stakeholders	<i>Managing relationships with elected officials, regulators and funding agency officials</i>	<i>Delivering goods and services to clients, developing relationships with suppliers, managing investor and shareholder expectations</i>	<i>Collaboration on specific projects, knowledge transfer from organisational peers, service delivery to beneficiaries</i>
Dependency on Stakeholders	<i>Political backing and certification from regulators, funding from government agencies and multilaterals</i>	<i>Revenues from sales to clients, reliable service from suppliers and other business partners, investment from shareholders and investors</i>	<i>Funding from charitable and philanthropic organisations, legitimacy and material resources from social organisations</i>

Table 1: Description of ‘social welfare logic’, ‘commercial logic’ and ‘public sector logic’ from Pache & Chowdhury (2012)

2.6.2. Organisational Practices

To analyse how social business incubators make sense of the different institutional logics, this section will focus on organisational practices. As argued, logics are reproduced in the organisational practices and symbols which organisations choose to enact (Pache & Santos, 2013). When facing multiple institutional logics, hybrid organisations can apply different hybridisation strategies.

For this thesis, four hybridisation strategies are creatively combined from the academic literature. Firstly, '*dismiss*' refers to the organisation adhering to one logic, but neglecting the other logics present. Secondly, '*compromise*' is when organisations partially satisfy all demands that the organisation is exposed to. Thirdly, '*decouple*' means that organisations symbolically adopt practices from one logic, while actually practicing another logic. Fourthly, '*cumulate*' means that the organisations are satisfying both logics at the same time. The three responses '*dismiss*', '*compromise*' and '*cumulate*' are adopted from Battilana & Lee (2014). The fourth one, '*decouple*', is adopted from (Greenwood et al., 2008).

The four strategies are ordered in terms of the increasing degree to which organisations are trying to enact different logics. While the first one disregards all but one logic, the notion of compromise means that two or more logics are partially fulfilled. The decoupling logic means that the organisations attempt to satisfy multiple demands and the last one, cumulative, means that they actually enact all the different multiple logics.

The different logics can affect an organisation at multiple points and several response strategies can be employed by the same entity. Therefore, Battilana & Lee, (2014) identified five organisational properties that may be used to analyse an organisation's strategy. In this study, the criterion '*organisational culture*' was excluded due to insufficient empirical coverage. Instead, the criterion 'goals' was added, which refers to the overall organisational goal and not an individual's goals in the organisation. The two elements, response strategy and organisational property, are creatively combined into the model for the analysis of organisational practices of social business incubators.

3. Methodology

After having elaborated on the purpose of the research study, its relevance and previous research, this chapter will elaborate on how empirics are used to answer the research question. The methodological choices with regards to the methodological fit, research approach, research design, and data collection are explained and assessed in the following section.

3.1. Methodological Fit

The topic of social business incubators has not been researched extensively (Hausberg & Korreck, 2017). Specifically, it has not been understood how these organisations are shaped by institutional logics, which gives purpose to this study. The methodological choices need to consider the research purpose and question.

After careful consideration of the methodological fit, a qualitative study was considered more suitable than a quantitative study. The reasons are that the study is concerned with examining emerging patterns and themes in a partly unexplored research area. Yin (2015) recommends this type of research, which is characterised by an explorative nature, to use qualitative tools. Moreover, the chosen theoretical lens, institutional logics, is concerned with practices, symbols and norms. Although these can be quantified, a deeper level of understanding can be reached when adopting a qualitative methodology (Friedland & Alford, 1991). However, the drawback of choosing a qualitative approach is that the transferability might be limited (Yin, 2015).

3.2. Research Approach

The choice of the research approach determines the way in which the empirics and theory relate to one another. An inductive approach collects empirical data to construct theory. Conversely, the deductive approach tests theory with empirical data (Bryman & Bell, 2015). The abductive approach combines both approaches and is often used in research. It entails that the research starts with empirical observations, but allows for some theoretical preconceptions. Abduction also provides for the iteration between theory and empirics (Alvesson & Sköldbberg, 2017), which means that the researcher can reconsider theoretical choices after initial observations. There is a

similarity to the use of grounded theory, which simultaneously considers empirics and theory (Bryman & Bell, 2015). An abductive research approach was deemed suitable to this study, because social business incubators are a sparsely researched field. In line with this approach, institutional logics were chosen as a theoretical lens after developing an initial feeling for the field. From the established institutional logics field concepts were used to collect further empirical data. It can thus be argued that the abductive approach allows the thesis to become more relevant by accurately mirroring reality (Alvesson & Sköldberg, 2017).

3.3. Comparative Case Study Design

To understand how the organisation of social business incubators differs between countries, a cross-national comparative case study was deemed a suitable research design. Cross-national comparative research is essentially a study of similarity and difference and can be conducted in a variety of ways (Hantrais, 1999). A central element of cross-national comparative case studies research is the role of context. On one end of the spectrum is the universalist approach, which implies that social reality is independent of context, allowing for generalisability. On the other end, the culturalist approach stresses that social reality can only be understood in a certain time and place. The societal approach reconciles both extremes and regards context as an explanatory variable (Hantrais, 1999). This middle ground is chosen as the basis for this study's cross-national research design. This choice is consistent with the institutional logics perspective, which emphasises agency and structure. Similarly, Maurice (1989) argues that to effectively compare organisations across two contexts, an in-depth understanding of the socio-cultural, economic and political context is required.

As a unit of study for the context, Hantrais (1999) suggests countries to be an appropriate choice, because they possess their own, clearly established, administrative, legal and economic frames. At the outset of the study, two countries were selected for investigation. The reason for limiting the number of countries to two, follows a suggestion by Hantrais (1999). Researchers with limited budget and time are advised to focus on understanding few contexts in depth, rather than studying many superficially.

The United Kingdom and Sweden were chosen as suitable countries for the study. Essentially, the purpose of the research is to investigate how the differences in two institutional contexts shape social business incubators. To study this question, it

seemed appropriate to choose two rather different countries (Hantrais, 1999). The United Kingdom and Sweden, as mentioned above, pursue different approaches to social entrepreneurship.

3.4. Data Collection

3.4.1. Interview Sample

For this thesis, 29 interviews were conducted, of which 5 were pre-study interviews and 24 data collecting in-depth interviews. The interviews lasted between 30-90 minutes and were mainly conducted via phone due to the geographical dispersion of the interviewees. The interviews can be classified into four different categories and were conducted on a macro-level and an organisational level. The distribution (Table 2) shows that the majority of interviews was conducted on the organisational level with incubators. The reason is that during these interviews, light was shed on the context. Conversely, the interviews at the context level gave little insight into the management and functioning of incubators on an organisational level. A full list of interviewees can be found in Appendix 1.

	United Kingdom	Sweden
Context	3	5
Incubators	7	8
Total	10	14

Table 2: Distribution of interviews

An initial group of interviewees was identified by internet search and published reports. At the end of the interviews, the interviewees were asked to identify further potential interview partners. This snowballing practice proved valuable on three fronts. Firstly, it greatly facilitated access to interviewees, because often an established relationship existed between two employees. Secondly, it allowed the identification of highly knowledgeable interviewees. Thirdly, it provided a good indication for the saturation of the data collection because increasingly many, already interviewed, individuals were identified by interviewees.

As mentioned before, the interviews were identified on two levels, the context and the organisational level. For the context level, interviewees in engaged government agencies, think tanks or universities were considered relevant. On the organisational level, the interviewees were mostly incubator managers or founders. Some of the interviews were conducted with members of the incubator and one with a board member. The choice was made to interview few individuals in many organisations, rather than many individuals in few organisations for the following reasons. Firstly, most of the incubators identified have around 10-15 employees and the interviews focused on the key decisions which were often made by few people. Secondly, throughout the research, access to several individuals in one organisation turned out to be difficult as many incubators, as other organisations, have busy schedules. The clear implication from this choice is a limited understanding of subjective internal matters such as organisational culture or perceived identity.

3.4.2. Interview Design and Documentation

In line with the abductive research approach, the interviews were semi-structured. These are recommended when collecting general information on a certain subject (Quader, 2007). Semi-structured interviews allow one to be open-minded toward the interviewees, but ensure that the interview is guided by some common topics and themes. At the beginning of the interview, the background of the author and thesis was briefly stated. Then, some questions about the context were asked, which were followed by questions exploring the organisational practices. For the context-level interviews, the emphasis was placed on the first part of the interview structure. Although slight modifications to the questions were necessary with regards to the two countries, the questionnaire was only slightly changed to allow for comparison. It is important to mention that the questionnaire was used more as a basis for a stimulating discussion than as a strict script. Apart from one exception, the questionnaire was consciously not sent out beforehand in order to avoid programmed responses (Flick, 2009). An exemplary interview guide can be found in Appendix 2. Also, interviewees were assured that the interview data was not to be used beyond the purpose of this study. All, but one interview, were conducted in English, which made it largely possible to mitigate risks associated with translation (Flick, 2009).

Regarding the documentation, interviewees were asked before the interview for their consent to the recording, to which the majority of interviewees agreed. Extensive notes were taken for those interviews that were not recorded. The recorded interviews were transcribed into notes within 48 hours of the end of the interview.

3.4.3. Published Reports

To strengthen the understanding of the field and especially the macro-context, information from several publicly available official reports was included. This helped to complement and enrich the data gathered from the interviews. In the United Kingdom, many reports were available from credible sources, such as the government, think tanks or universities. In Sweden, the availability of reports was more restricted due to the infancy of the field. Although no formal coding or analysis of report information was conducted, it can be considered triangulation. Lincoln & Guba (1985) propose triangulation of information sources as a way to bolster the accounts of individual interviewees.

3.5. Pre-Study

As recommended by Flick (2009), a pre-study was conducted including five semi-structured interviews. The purpose of the pre-study was to learn more about the field of social entrepreneurship and social business incubation. Moreover, it helped to develop and test the questionnaire. Moreover, the interviewed individuals were able to give valuable input with regards to the questionnaire composition. Although producing no tangible results, the pre-study allowed the research to proceed in the right direction and ultimately increases the reliability of the thesis (Flick, 2009).

3.6. Data Analysis

The data analysis is based on pattern-matching as suggested by Yin (2015). Essentially, it compares empirical patterns with theoretical concepts. At first, the interviews in each country were considered for re-occurring themes which were spelled out in a separate document. These themes were then used as guiding categories for structuring the interview data. After structuring the data in each context, the data was compared across contexts for the data analysis.

3.7. Quality of the Research

As opposed to quantitative research, the assessment criteria for the quality of research are a much discussed topic in academic circles (Bryman & Bell, 2011). Simply applying quantitative assessment criteria, reliability and validity, is not appropriate to assess qualitative research. While some researchers argue for adhering to different criteria (Guba & Lincoln, 1994), others propose a modification of quantitative assessment criteria (Hammersley, 1992). Ultimately, the choice of assessment criteria is decided by the researcher's ontological stance (Bryman & Bell, 2011). On the one hand, researchers considering themselves realists, will apply the criteria of reliability and validity without any modification. On the other hand, interpretivist researchers, rejecting the notion of an objective reality, will refer to criteria such as trustworthiness and authenticity (Guba & Lincoln, 1994). The ontological stance of this thesis is in between the two extremes, but closer to the realist end of the spectrum. While accepting that a reality exists which can be studied, the thesis considers the possibility that reality might be interpreted differently by actors (in this case social business incubators). Thus, the quality of the research will therefore be assessed with slightly modified criteria of reliability and validity. Also, the study adds the criteria of transferability which is more qualitatively focused (Bryman & Bell, 2011).

3.7.1. Reliability

Reliability refers to the quality of the measurements and whether the study could be replicated with similar results. Bryman & Bell (2011) admit that replication may be difficult with regards to qualitative studies because a social context never freezes. According to Flick (2009), reliability can be increased by receiving formal interview training. As part of the master study curriculum, the researcher attended a module on interview training which provided a useful basis for successfully conducting field interviews. Furthermore, interviewing techniques and the questionnaire were tested as part of the pre-study, which can also contribute to a higher reliability (Flick, 2009).

3.7.2. Validity

Following Hammersley (1992), validity means that empirical data should be plausible and credible. Thus, the kind and amount of data needs to be considered when making an argument. In the context of this study, validity is established with regards to the production and presentation of empirical data (Flick, 2009).

During the interviews, in the production of the data, open ended and unambiguous questions were asked. When the researcher had the impression that the interviewee misheard or misinterpreted the question, it was carefully explained by the researcher. Especially, with the phone interviews, this was necessary due to occasional connection problems. To avoid a bias in the answers, the researcher did not refer to the answers given by other interviewees. Moreover, the researcher tried to establish that none of the interviewees had a vested interest (Hammersley, 1992). Before scheduling the interviews, background research of the interviewee and the respective organisation was conducted, in order to contextualise the interview partner. It was however impossible to fully detect the existence of vested interest.

Since the interviews were conducted by one researcher, there is a risk of interview misinterpretation. In the data presentation, validity was ensured by regularly sharing and discussing observations with other students. In accordance with Hammersley (1992), only data was included in the analysis that more than one interviewee had mentioned independently. The exceptions made to this rule are clearly highlighted in the analysis of the data.

Moreover, validity becomes relevant with regards to the chosen cross-country comparative study design in the data production and presentation. Validity was established in this study because the investigated countries were both familiar to the author, but distinct from the researchers own cultural context. This allows the researcher to be impartial towards both countries, as no pre-established assumptions exist for either context. As Hantrais (1999) points out, outsiders may be able to gain an understanding of phenomena that are not obvious to insiders.

3.7.3. Transferability

An assessment criteria more common to qualitative research is its transferability (Bryman & Bell, 2011). Most qualitative research, including this study, focus on small sample sizes and contextual uniqueness. Therefore, it is an empirical issue whether the findings are valid in different contexts or in the same context over time. This study

uses the context as an explanatory variable, which might lower the transferability. Yet, along with the suggestion made by Guba & Lincoln (1985), an extensive description of the content is made. This can be seen as a foundation for the judgements about the possible transferability to other research settings.

4. Empirical Data

This section will give an overview of the empirical findings which will be further expanded on in the analysis. More concretely, it will give an overview of the involved stakeholders in each context and map out the respective social business incubator landscapes. This section should be treated as a starting point for the subsequent analysis and names aspect, which will be developed in depth in the analysis.

4.1. British context for social business incubators

The National Government

Many of the interviewees trace the engagement of the national government in social entrepreneurship and more particularly in social business incubation back to the beginning of the century.

“In the early 2000s, under the Labour government, there was an interest in social entrepreneurship on a regional and national level. They really started looking into this third sector approach.”

More concretely, Tony Blair’s ‘New Labour’ government increasingly recognised the importance of social entrepreneurship as an approach to solve social problems. Words were put into action by creating a ‘Social Enterprise Unit’, appointing a minister responsible for social enterprise and publishing a “Social Enterprise Strategy”. Subsequently, the government created a special legal form for social enterprises, (CIC - ‘community interest company’), provided tax relief for social investment (Social Investment Tax Relief) and amended procurement procedures (Social Value Act) (Cabinet Office, 2016). Summarising these initiatives, one interviewee commented:

“The definition of social entrepreneurship is different per country. In the UK it’s socially accepted. We’ve built a robust definition.”

In particular, one pillar of the government’s efforts were social business incubators. In 2012, the £10 million Social Incubator Fund (SIF) was launched to finance organisations that support the creation, development and scaling of social businesses

(Cabinet Office, 2016). This fund awarded financial resources to a total of ten incubator programs across the country. In 2013, the fund was not opened again for applications, and the last supported schemes ran out in early 2018. Since the termination of the Social Incubator Fund, the national government has not been actively involved in financing social business incubators.

The contemporary stance of the national government towards social entrepreneurship and social business incubation remains similar.

“No political party in the UK is anti-‘social entrepreneurship’. But there are different takes on what role the social sector can play.”

These different takes are mostly related to issues of government funding and support that is provided by the national government. Notwithstanding the fact that funding for business incubators has ceased, the government continues to support incubators by amending legislation. Especially, the Social Value Act is important for incubators because it paves the way for public authorities to become customers of incubated social businesses.

Another topic with regards to the national government is the United Kingdom's decision to exit the European Union. For social business incubators, as for many organisations, the decision led to an increased uncertainty about the foreseeable future. For some incubators the consequences have already materialised:

“Brexit means that we can't apply for European funding anymore. I would be all over it otherwise, but the responsible sub-unit of the European Commission decided that because they don't want to become a bargaining chip in the Brexit negotiations.”

Local Authorities

Besides the national government, local authorities play a role for social enterprises, as potential customers for products and services of social businesses. That is because local authorities are involved, at least partially, with finding solutions to social problems. Increasingly, social entrepreneurship is regarded as an appropriate approach, as one interviewee observed:

“The penny has dropped to them. They are interested in what we are doing. The Social Value Act helps a great deal with that.”

The increased awareness and endorsement of business-centred approaches was triggered by the revision of public procurement. The Social Value Act requires publicly awarded contracts to increasingly involve a social component. The acceptance for social entrepreneurship is slowly growing, most local authorities remain reserved with regards to supporting or working with or funding social business incubators. Often, as one interviewee commented:

“British local authorities are cash-strapped with so many things. Since austerity hit in 2008 they had to scale back and scale down any public finances available. Since we knew this, we never bothered with them.”

It needs to be pointed out however, that local authorities show different levels of interest, acceptance and engagement with regards to social entrepreneurship and social business incubation. In general, it can be argued that with regards to the interviewed incubators, interaction was at best ad-hoc.

Supporting Organisations

The support system for social entrepreneurship and social business incubation in the United Kingdom is amongst the most sophisticated and advanced in the world. A high number of organisations can be found, operating in the field. Three of these, mentioned by the interviewees, will be briefly introduced. An exhaustive list goes beyond the scope of this study, and the following examples are meant to provide an insight into how some of these relevant organisations are positioned in the field.

Firstly, Social Enterprise UK (SEUK) is a general support organisation for social entrepreneurship, functioning as a membership organisation for British social enterprises. As an interviewee comments:

“We were set up with government funding as a think tank or policy unit about the changed nature of business.”

By now, the government has stopped its funding and SEUK is an independent organisation. Today, the organisation carries out research about the sector, functions

as a stakeholder meeting place and lobbies the government on legislation. Secondly, Big Society Capital (BSC) is an independent social investment institution, that was originally established by the national government. The mission of the organisation is to provide financing for organisations, amongst others, social business incubators that build capacity of social businesses. Thirdly, Nesta is a charity that supports innovation in a wide range of sectors, amongst others the social business incubation. Similar to BSC, Nesta was first established by the national government, but operates as an independent organisation today.

Interestingly, a feature these organisations share is that they were set up by the government and have since developed into independent entities. All are important for social business incubators because they provide funding or other forms of support, acting as paradigm-building actors.

Philanthropists, Corporations and Foundations

The United Kingdom has always been home to philanthropists, charities and foundations that engage in national and international problem areas.

“In the UK, we have a more sophisticated social sector than other countries. That’s also because the state is not providing as much as it used to. I would say that the social sector in the UK has come about from necessity as well as desire.”

In the last decade, the field of social entrepreneurship was increasingly embraced by the private sector. During the financial crisis, many large companies, especially those from the financial sector, received financial support from the British national government. According to some interviewees, the ‘bail-outs’ increased the expectation of these private companies to become engaged in solving social issues. Often, social business incubators are seen as an important and support-worthy element of social entrepreneurship. Many corporations engage with social business incubators via their well-funded corporate social responsibility programs, including place-based investments. Other corporations try to go beyond CSR by starting to trade with social businesses. These corporations argue that social engagement needs to be more than ticking the box of making donations to charity.

Besides these described, directly involved, organisations, it needs to be mentioned that the United Kingdom and more particularly London is home to a large social impact investment industry. These are distinct from social business incubators, because they

focus exclusively on financing and often chose not to get involved in the social businesses.

4.2. British Social Business Incubators

Origin

In the United Kingdom, the first social business incubators started emerging at the turn of the century. However, the phenomenon only picked up however after 2005, when an increasing number of social business incubators could be found predominantly in the London area. The majority of these incubators was either set up by entrepreneurs themselves, such as Hatch Enterprises, London Creative Labs or Bethnal Green Ventures. Others emerged under the umbrella of established charities, such as the Young Academy or the School of Social Entrepreneurship. The reason for founding was that individuals and organisations observed that the numerous social enterprises in the UK were facing scaling difficulties.

“You can have a view of the social sector that is: ‘small is beautiful’ - keeping everything to a very human level is good. Or, you ask: why do social businesses stay at a certain size? If there are social needs and these companies have the solution, shouldn’t they be available to more people?”

Organisation

Few social business incubators in the United Kingdom are situated in universities. Mostly, they are independent charity or non-profit organisations with their own offices in the form of charities or non-profit organisations. Also, as mentioned before, some of the incubator programs operate under the umbrella of a larger charity. An example for this is the Young Academy that is working within the Young Foundation. Some incubators work in the form of networks, where the same incubator is set up in different geographic locations around the United Kingdom. This can be under the same brand name, such as the Impact Hub (which already has four offices in London alone), or the School of Social Entrepreneurship.

The vast majority of incubators have between 5-15 employees, working full-time in the administration of the incubators full time. Naturally, the social business incubators with several branches all across Britain employed more people in total. On the one hand, employees work with administrative tasks, such as communication or financing. On the other hand, some roles are more closely related to interacting with the social entrepreneurs as program managers or so-called community managers. The employees are usually university-level educated, receiving a salary which was described as competitive for the social sector. All the incubators operate a pro-bono board, investment committee or steering committee, meant to oversee the due diligence process and the strategic direction. Although the importance was not always explicitly mentioned, an interview with the founder of the 2011 failed London Creative Labs incubator gives an insight into the importance of an independent and professional board:

“We asked our friends to be on the board. Those that we knew would not get involved too much. We didn’t want to keep explaining to a board what we were doing. I think, this was a mistake. It would have been easy to build a pro-bono board that gives us credibility.”

Although the ultimate reason for the failure of the London Creative Labs was related to personal reasons, the reflection by the founder shows that an independent board would have created higher legitimacy.

Activities

British social business incubators are engaged in multiple activities. Mostly, the incubators engaged with social ventures at the early stages. Only the Social Business Trust concentrates on the scaling of more mature social ventures. What all incubators commonly share is a component of improving the skills of social entrepreneurs. One interviewee described what is also valid for other incubators:

“Our curriculum offers modules around business modelling and impact and also around teams. How they work together and so on. You can almost call it a mini-MBA.”

Besides this educational component, the incubators all offer a mentoring element, which brings the ventures together with experienced mentors. In some cases, the mentors are employees of the funding corporate partners. As professional consultants,

they are then offering their business advice on a pro-bono basis. In other cases, the mentors are independently recruited. Moreover, the incubators also provide access to networks, which mainly focused on investors. Some of the incubators act as brokers between potential investors and the start-ups. Others organise the commercial-incubator typical events such as demo-days at the end of the program. An interesting component is that most British social business incubators are actively involved in financing their social ventures through a diverse range of tools, such as taking equity or convertible loan notes. A report from the Social Incubator Fund finds that all of the ten incubators that received funds are engaged in some investor-related activity with the incubates (Cabinet Office, 2016). An incubator manager said on this topic:

“Only accelerator support without the investment fund, I think they would grow much more slowly, because they just need an injection of capital at that key point to increase their capacity.”

Amongst the interviewed incubators, only two did not engage in investment-related activities with their incubated social ventures. One of them commented:

“They¹ want to do this as part of their philanthropic approach. They don’t want to overcomplicate things by getting involved with making investments in the social businesses. There are other providers for social impact investing in the UK”

Part of the activity radius of social business incubators is the interaction with other incubators or stakeholders in the field. This happens mainly through the forums offered by field-level actors like Social Enterprise UK or Big Society Capital. Yet, incubators are also active in the field, as the example of Hatch Enterprise shows. In March 2018, the London-based social business incubator organised the second edition of the ‘Beyond Good Business’ conference on social finance:

“This is the second edition of the conference. We had the feeling that conferences about social finance was more focused on the investor and left the social entrepreneur out of the picture. We wanted to change that and showcase successes and failures of the sector.”

¹ The corporations sponsoring the incubator’s activities with their CSR program

As speaker at the conference and founder of the Social Business Trust, Adele Blakebrough, commented that there is a lot of knowledge and expertise sharing at these events:

“It is a lively area in terms of people debating and sharing expertise.”

4.3. The Swedish context

National Government

Sweden is traditionally a large welfare state, with extensive government involvement in the provision of solutions to social problems. For a long time, the discourse on social entrepreneurship was similar to, and confused with, the debate about social innovation. The modern, more distinct, discourse on social entrepreneurship only entered the political agenda in Sweden after discussions in the European Commission and the United Nations. Along with the increased interest in social entrepreneurship followed an interest in the creation of a supportive ecosystem. Social business incubators were quickly recognised as an important element of this support system, as the anecdote of a Swedish social business incubator manager shows:

“The Swedish government became aware that social entrepreneurship is an area that Sweden should look more into. Last February, we received a request for a visit from the minister of finance.”

The interest was translated into a government strategy, published in early 2018, to commit SEK 150 million to building an ecosystem for social entrepreneurship. Concretely, the government has delegated the execution of the strategy to two government agencies². While Vinnova is working in the field of innovation, Tillväxtverket (TVV) is focused on companies and growth.

² Each of the two government agencies receives SEK 60 million of the entire budget.

Regarding the assignment, an interviewee from TVV commented that:

“We got this assignment a little bit more than a month ago³ and we are in the process of considering what we will be doing concretely. (...) We make sure to be regular dialogue with Vinnova to coordinate our work”

Despite the dedication of financial resources to boosting the field of social entrepreneurship, the government has not established a legal form for social enterprises. This can be source of confusion of social entrepreneurship with social innovation which makes a coherent debate difficult. But also, there are practical implications for social business incubators that go beyond sheer symbolism:

“There is no organisational legal form in Sweden for social enterprises. They can choose to become an economic association, but that doesn’t allow them to apply to certain accelerator programs or excludes them from funding or business advice. They have no chance with Almi for example”

Almi is a government agency that was funded by the government in 1994 to provide advice to entrepreneurs and for-profit companies in Sweden. The organisation is described by some interviewees as a formal and conservative association that has shown little interest in social entrepreneurship. As opposed to Almi, several other Swedish government agencies are engaged with social entrepreneurship or cooperatives. Coompanion, funded by TVV, was originally set up as an advice organisation for business cooperatives in the Swedish regions and has started to embrace social entrepreneurship in the last five years. Although Coompanion is not actively advising social businesses, a transition in this direction is under consideration. Moreover, SIDA, a Swedish development agency, is providing funds to social business incubators with an international focus.

Local Authorities

In the Swedish political system, municipalities enjoy a high degree of autonomy. As one of the interviewees points out:

³ At the time of the interview

“The government has the mandate to draw the big lines, saying what is important. But they need to be interpreted and implemented by the local governments.”

This scope for interpretation is necessary because the nature of problems and challenges might be different depending on regions. While the urban municipality of Malmö might be facing high crime rates, a more rural municipality in mid-Sweden might be experiencing high unemployment. Moreover, the procurement laws in Sweden do not currently boldly draw the attention a social impact component, which makes it more difficult for social ventures to win government contracts. Although, these procurement laws are anticipated to be updated to include social impact criteria, this is yet to happen. Notwithstanding the high level of autonomy, many interviewees point out that most local authorities' interest in social business incubators increased as a consequence of the new government strategy.

Next to the attitude towards social business incubators, it was often mentioned that many local authorities are bureaucratic. One incubator commented that:

“We were frightened at first when presented with the idea of working with a municipality. They can be heavy to work with and things move slowly.”

From an external point of view, identifying decision-makers can be hard, because decisions are not made at the top. Normally, several departments and individuals are involved in topics of social innovation. This problem is illustrated by an example given by one interviewee:

“Let's say your project is about school children collecting garbage at the side of the road, you would have to involve the company who is procured to do innovation for the garbage collection for the municipality, the technical department and school department.”

The complicated decision-making process was identified as a theme in several interviews across rural and urban local authorities. However, there seem to be variation with regards to the acceptance of social entrepreneurship and social business incubation.

Corporations, Philanthropists and Foundations

In Sweden, the welfare state was traditionally in charge of solving social problems. Although civil society organisations do exist, the philanthropic actors are not as plentiful as in the United Kingdom. For a long time, there was a clear dividing line between the public and private sector, which did not encourage companies to involve themselves in social entrepreneurship. Moreover, social entrepreneurship in Sweden seems to not fit the outlook of most of the large companies.

“Because they are global, they want the same for their social solution.”

Indeed, social entrepreneurship in Sweden is mostly local and not global. Only some Swedish companies, such as IKEA have recognised the need to support local social entrepreneurs by supporting Yalla Trappan⁴. Despite some CSR-related activities, very few companies seem to be actively involved in trading with social enterprises.

While partly endorsing social entrepreneurship, companies are only marginally involved with social business incubation. One interviewee said that:

“Perhaps companies would be interested in social business incubators, but there are simply no arenas or networks for them to meet.”

Besides the corporations, some foundations and impact investors are active in the field of social entrepreneurship. The most prominent of these organisations are Norrskén and Leksell Social Ventures. Both of these however focus on providing funds to social entrepreneurs and do not offer an incubation element. However, these organisations, especially Norrskén are not seen uncritically, as one interviewee argues:

“Norrskén is only interested in potential unicorns⁵, but what about the rest that also have a big impact?”

⁴ Social Enterprise that is working on the issue of work integration of women

⁵ Unicorn refers to a start-up that reaches a US\$ 1 billion market capitalisation

4.4. Swedish Social Business Incubators

Origin

Social business incubation is young in Sweden and incubators have only been operating in the field for the last five years. A report on the ecosystem for social innovation from November 2014 identifies 23 support organisations all across Sweden (Vinnova, 2014). However, since social innovation is broader than social business, many of the named institutions do not necessarily have a focus on social business approaches. Of the identified social business incubators, some originally practiced social innovation and gradually included a narrower component on social entrepreneurship. Others, were set up from the start as social business incubators.

The geographical scope of the incubators is highly diverse and can include the regional, national or international level. Similarly, the issues targeted by the social business incubators can be narrow, such as Reach for Change with a focus on children. The majority of incubators however, are not working on an issue-specific basis, but on a more general level of social impact.

Organisation

Apart from a few exceptions, most social business incubators are run in collaboration with a Swedish university. Yet, the interviews revealed that the proximity of the relationship between universities and the incubators varies. On the one end of the spectrum, social business incubators have a close relationship with the universities. An example is GU Ventures ('GU' stands for Gothenburg University) that operates a social business branch. On the other end of the spectrum, there are social business incubators such as SoPact, which have the offices located in Lund's School of Social Work. Other examples such as the Social Impact Lab Örebro, the Partnership for Social Innovation or Uppsala University Innovation fall in between the two extreme points.

The few mentioned exceptions, such as Social Entrepreneurship Forum, Impact Hub, SoLab or Reach for Change are not directly involved with the universities. These more independent incubators either have their own offices, or are located in social impact institutions, such as Norrskén.

The size of the organisation in terms of employees can vary significantly. The smallest incubators had one or two people in the administration. The larger ones were between

10-15 employees. The roles in the incubator cover a wide range of organisational functions, spanning executive officer, communication officer, program director or human resources directors. The employees in the university or municipality related incubators are normally paid in line with university or municipality wage standards. The independent incubators are mainly in line with wage levels in the charitable sector. With regards to the salary, the CEO of Social Entrepreneurship commented:

“I want to be in a dream team, we can only have the best effect if we have the best team. We can’t pay the highest salaries if you compare it to consultancies at the moment (...). In the end, we make sure, nobody goes out thinking that their salary is crap.”

Next to the operative management team that is working on day-to-day operations, most interviewed organisations have a board or steering committee in place. These boards partly consist of volunteers and partly of involved individuals from the funding stakeholders. In the current configuration of the board as supervisory bodies seem to be a recent development in Sweden, as the chairwoman of the Social Entrepreneurship Forum commented:

“We’ve only had a CEO for two years. Back then, the board was tasked with operational things. (...) There was a big push for professionalization of the board and team in the last years.”

Activities

Swedish social business incubators are all involved at a rather early stage in the support of social ventures. While most incubators focus on the post-ideation phase, there is no incubator concentrates on working exclusively with mature, large scale social ventures. Several commonly shared activities were observed across the interviewed social business incubators in Sweden. Firstly, all the incubator offer an educational component which often includes mandatory and voluntary modules on business-related issues and impact-related issues. Secondly, advice on a professional and personal level is provided by the incubator and external mentors. Thirdly, all incubators offer networking opportunities to the incubated start-ups, with either investors, alumni of the program or business mentors. Fourthly, the vast majority of the social business incubators is not involved with actively financing the social venture. To this last point, only GU Social Ventures, as part of a university incubator has the theoretical possibility to invest, but it has not been done before for social

ventures. Other organisations, such as Reach for Change or Social Entrepreneurship Forum provide support for the personal expenses of the social entrepreneurs.

Moreover, the Swedish social business incubators connect to each other frequently. This is mostly limited to the Stockholm-based incubators and occurs on an ad-hoc basis. Some incubators were included in consultations with the government about the new strategy to boost social entrepreneurship.

5. Analysis

This analysis section will merge the theory with the empirics to answer the research question. The research question: "To what extent do institutional logics shape social business incubators?" will be answered by first analysing two different institutional contexts. Subsequently, the practices of social business incubators are analysed.

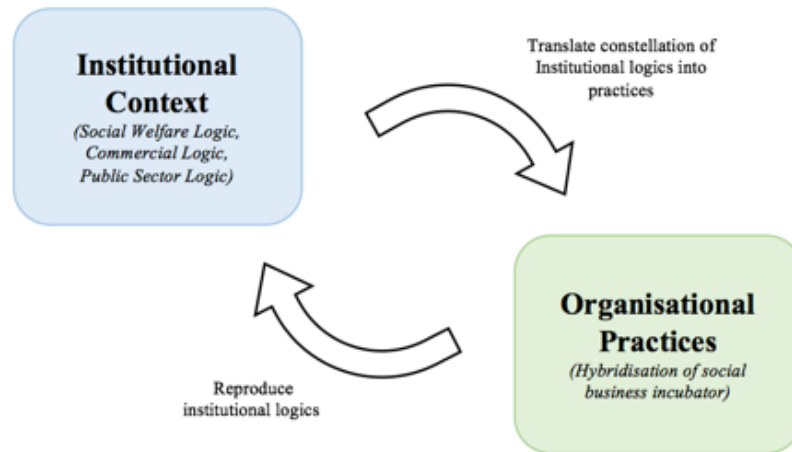


Figure 2: Theoretical Model

5.2. Constellation of Logics

Based on the concept of institutional logics, Pache & Chowdhury (2012) developed three logics, specific for the field of social entrepreneurship. The public sector, commercial and social welfare logic are all also influential for social business incubators. Prior to the analysis, it needs to be pointed out that some stakeholder groups are not homogeneous and thus, appear in multiple categories. The case of companies exhibits this particularity. On the one hand, these companies might be active in social entrepreneurship as part of their CSR approach, following a social welfare logic. On the other hand, other companies might regard social enterprises through a more commercial lens, buying the products or services from social entrepreneurs.

	Public Sector Logic	Commercial Logic	Social Welfare Logic
Goal	<i>Ensure fairness, equal access transparency across different levels of society</i>	<i>Maximise surplus revenue from organisational activities, efficiency</i>	<i>Improve social conditions and relieve suffering from of beneficiaries</i>
Stakeholders	<i>National and local government entities, multilateral funding agencies, regulators, elected officials</i>	<i>Clients, business partners, investors, shareholders</i>	<i>Non-profit social partners, charitable and philanthropic funders, beneficiaries</i>
Interaction with Stakeholders	<i>Managing relationships with elected officials, regulators and funding agency officials</i>	<i>Delivering goods and services to clients, developing relationships with suppliers, managing investor and shareholder expectations</i>	<i>Collaboration on specific projects, knowledge transfer from organisational peers, service delivery to beneficiaries</i>
Dependency on Stakeholders	<i>Political backing and certification from regulators, funding from government agencies and multilaterals</i>	<i>Revenues from sales to clients, reliable service from suppliers and other business partners, investment from shareholders and investors</i>	<i>Funding from charitable and philanthropic organisations, legitimacy and material resources from social organisations</i>

Table 1: Description of 'social welfare logic', 'commercial logic' and 'public sector logic' from Pache & Chowdhury (2012)

5.1.1. Public Sector Logic

The public sector logic is most similar to what Thornton (2012) termed the 'state logic'. The principle behind this logic places an emphasis on equal access for all citizens, fairness and transparency across all societal levels. Organisations that incorporate this principle are often those set up by the state, such as national or local governments. All actions of these organisations are guided by principles such as fairness, transparency and equal access.

As the empirics illustrate, a similar band of **stakeholder** with a public sector logic play a role for social business incubators. These stakeholders include the national governments in both countries and its respective agencies. At the local level, authorities are important constituents of the social business incubator ecosystem. One of the few differences is the involvement of the European Union in the Swedish, but not in the British context.

While the stakeholder set-up is largely the same, the **interaction** with these stakeholders differs in the United Kingdom and in Sweden. The ecosystem

surrounding the British social business incubators is comparably large. The incubators interact with actors from the public sector sporadically through forums such as Social Enterprise UK or Big Society Capital. Moreover, occasional events such as the 'Beyond Good Business' conference provide the chance to engage with these actors. For most social business incubators, interaction with the public sector seems to be an ad-hoc and rather occasional matter. As compared to the British, the Swedish ecosystem for social entrepreneurship is relatively small and more clearly structured. The small number of incubators in the ecosystem allows more frequent and intimate ties to the government and its agencies. Therefore, many incubators were consulted in the process of working out the new government strategy for building a social entrepreneurship ecosystem. There are however no established interest representation organisations for social business incubators or sector-specific conferences.

In the two countries, social business incubators have different degrees of **dependency** on stakeholders from the public sphere. Social business incubators depend on actors from the public sector in two ways: political support and public funding. While a general importance on these two aspects cannot be denied, the degree of dependency differs in the two countries.

Firstly, social business incubators depend on the political support of public sector actors because they can provide incubators with legitimacy and customers. In the United Kingdom, social business incubators depend on actors from the public sphere to a lower degree. The reason is that the legitimacy of social business incubators has long been established and advantageous legislation adopted. On the legitimacy note, there has been a continuous consensus across the political spectrum that social entrepreneurship is an important device to solve social problems. Concretely, the political consensus has produced a robust definition of social business, providing it with a special legal form, the Community Interest Company (CIC). On the legislation note, important legislation such as the Social Value Act includes impact-related criteria in the public procurement procedures. This means that public authorities become potential customers of the products and services offered by the incubated social ventures. Nevertheless, British incubators continue to depend on the political backing of the social entrepreneurship field and the social incubation practice. The reflection of political support in current public opinion and legislation make a proactive stance less necessary.

Contrastingly, Swedish incubators highly depend on actors from the public sector. Unlike in the United Kingdom, neither is social entrepreneurship an established, legitimate field, nor does legislation make public authorities potential customers of social enterprises. As theory (Gawell et al., 2016) and empirics show, the modern conceptualisation of social entrepreneurship is relatively new to Sweden. Neither has

the public discourse distinguished sufficiently between social innovation and social entrepreneurship, nor has the government established a special legal form for social enterprises. But, as a first small step, the recently published national strategy to boost social entrepreneurship has also increased the legitimacy of the field. Evidently, the national government's approval of social entrepreneurship has sparked the acceptance and interest of local authorities. For social business incubators the legitimacy is of high importance, because it makes stakeholders more willing to engage with the incubator itself, but also the incubated social ventures. Moreover, social impact criteria are not comprehensively included in public procurement procedures. Despite an anticipated update of the Swedish public procurement legislation, it is currently more difficult for the incubated social ventures to win public contracts. Thus, social business incubators highly depend on actors from the public sector because further steps with regards to the legitimacy and legislation are required to establish social business incubation as an accepted practice.

Secondly, and perhaps more importantly, social business incubators are dependent on actors following a public sector logic, because these offer funding. In the United Kingdom, the Social Incubator Fund offered substantial funding. After two funding rounds the program was not reopened again for application in 2013. Although the last social business incubators received funding from the government until early 2018, there was no option to extend the funding any further. Moreover, British social business incubators are no longer eligible for EU-funding. Contrastingly, the Swedish government, through its agencies, broadly funds social business incubation initiatives across the country. Already since 2010, TVV, several municipalities and some universities have financially supported social business incubators in different parts of Sweden. Additionally, the new three-year strategy by the national government has dedicated SEK 150 million to the construction of a supportive ecosystem for social entrepreneurship. Although TVV and Vinnova, the assigned government agencies, are still consolidating the exact plan, they have expressed an interest in social business incubators. Moreover, the Swedish social business incubators are theoretically eligible for European Union Funding. Although the European Social Fund engages with social entrepreneurship, no social business incubators are part of the funding scheme. Thus, the dependency of social business incubators on funding is strong in Sweden, and has decreased significantly in the United Kingdom.

To conclude this section on the strength of the public sector logic, it can be argued that the public sector logic is important in both countries, but not to the same degree. In both countries a similar set of stakeholders with a public logic are active in the social business incubators environment. The interaction of the British social business incubators with the public sector is mainly transactional, as compared to the more cooperative interaction on the Swedish side. Moreover, the Swedish social business

incubators are more dependent on the government's funding and legislative support than their British counterparts. Therefore, the strength of the public sector, promoting a state logic (Thornton, 2012) is 'high' in Sweden and 'moderate' in the United Kingdom.

5.1.2. Commercial Logic

The commercial logic is based on a free-market notion and mainly regards organisations as vehicles for profit maximisation. The **stakeholder** of social business incubators with a commercial logic are generally speaking the customer of the products and services that the incubated social ventures offer. These customers expect reliable and high quality products which are of similar quality as those of a for-profit company. The customers therefore expect the social business incubators to improve the incubated social ventures on the business-related aspects. In the United Kingdom, the customers can include large corporations, schools or public institutions. In Sweden, the customers mostly include municipalities or local authorities. Notably, some of these stakeholders, such as public institutions, are driven by a weaker commercial logic. Yet, portraying them as customers, also these actors have expectations with regards to more commercial criteria, such as the quality, the price and the delivery of products.

The **interaction** with these different sets of stakeholders is in principle the same. The social business incubators in both countries try to build relationships with the customers. In the case of the United Kingdom, these involve a broader range of actors than in Sweden. An interesting difference between both is the point in time when the interaction occurs. British incubators organise demo-days for customers or investors after the successful completion of the incubation program and Swedish incubators try to establish relationships prior to the incubation.

The majority of social business incubators are not social businesses themselves. Thus, the **dependency** of incubators on commercial logic stakeholders is via the incubated social ventures. In both countries, the social ventures ultimately need a customer to buy the service, or else both, profitability and impact will fail to materialise. In the United Kingdom, some corporations have noticed that simply ticking CSR-boxes is not enough and no credible commitment on the side of the corporate. These corporations have started trading with social enterprises as their business partners. Also, private and public schools or the NHS in the United Kingdom are often targeted customers by the social enterprises. In Sweden, large corporates hardly engage with social enterprises as their customers. The main customer of the social enterprises that are

incubated are public authorities, such as local governments or municipalities. For these stakeholders, the commercial logic is rather weak. Thus, the dependency on stakeholders with a commercial logic is high in the United Kingdom, but rather low in Sweden.

All in all, there is a broader range of actors with a commercial logic in the United Kingdom than in Sweden. Whereas the interaction occurs at different points in time, the British social business incubators seem more dependent on the stakeholders with a commercial logic than their Swedish counterparts. Hence for social business incubators, the commercial logic is 'strong' in Britain, and 'weak' in Sweden.

5.1.3. Social Welfare Logic

The social welfare logic is similar to what Thornton (2012) label the community logic. The objective of this logic is to improve the social conditions and relieve people from suffering. The **stakeholder** that follow a social welfare logic in the social business incubator ecosystem are charities, philanthropists, foundations, non-governmental organisations and the targeted beneficiaries. In the United Kingdom, a broad range of organisations are supporting social business incubators such as Nesta, the Young Foundation or Big Society Capital. Besides these organisations following this logic, the CSR programs of large corporations also function according to the social welfare logic. In Sweden, while civil society organisations have a long tradition (Gawell et al., 2016), not many are engaged in the arena of social business incubation. The private sector is similarly reserved, also with regards to CSR programs towards social business incubators. Only two of the interviewed Swedish incubators, namely 'Reach for Change' and 'Social Entrepreneurship Forum' were supported by corporations. Both of these organisations focused more on engaging on an international, rather than local scale.

The differences in the composition of stakeholders from the social welfare logic also affects the **interaction** of stakeholders with social business incubators in each country. In the British case, the interaction patterns are mainly based on knowledge transfer from organisational peers and short-term collaborations. For example, the Social Business Trust involves its philanthropic corporate sponsors in the scouting and selection of start-ups. Another example would be the involvement of pro-bono mentors, such as consultants or bankers, in the School of Social Entrepreneurship. These mentors help the incubated ventures by providing free-of-charge consulting advice on philanthropic grounds. In Sweden, the interaction between social business incubators is less advanced. One reason, which also is a challenge with regards to the

interaction is the lack of a platform for social business incubators and organisations with a social welfare logic to encounter.

Accordingly, social business incubators show different levels of **dependency** towards actors that follow the social welfare logic. In the United Kingdom, the provision of funding tends to come from corporate CSR programs, charities or philanthropists. There, these actors also provide mentors or pro-bono consultants which can be regarded as human resources for the social business incubators. The story is different in Sweden, where only a few social business incubators are supported by corporations.

In sum, the social welfare logic is strongly represented in the British context. An active scene of charities, NGOs, but importantly also CSR programs of big corporates are supporting social business incubators with knowledge and funding. In Sweden, the picture looks rather different because corporate CSR is not often targeted at Swedish social business incubators. Furthermore, civil society organisations are not vastly engaged in supporting social business and its ecosystem. Therefore, the logic is of high importance in the United Kingdom, but of low influence in the Swedish context.

5.1.4. Constellation of Logics - Synthesis

The last sections about the strength of different logics in Sweden and the United Kingdom are summarized in Figure 5.

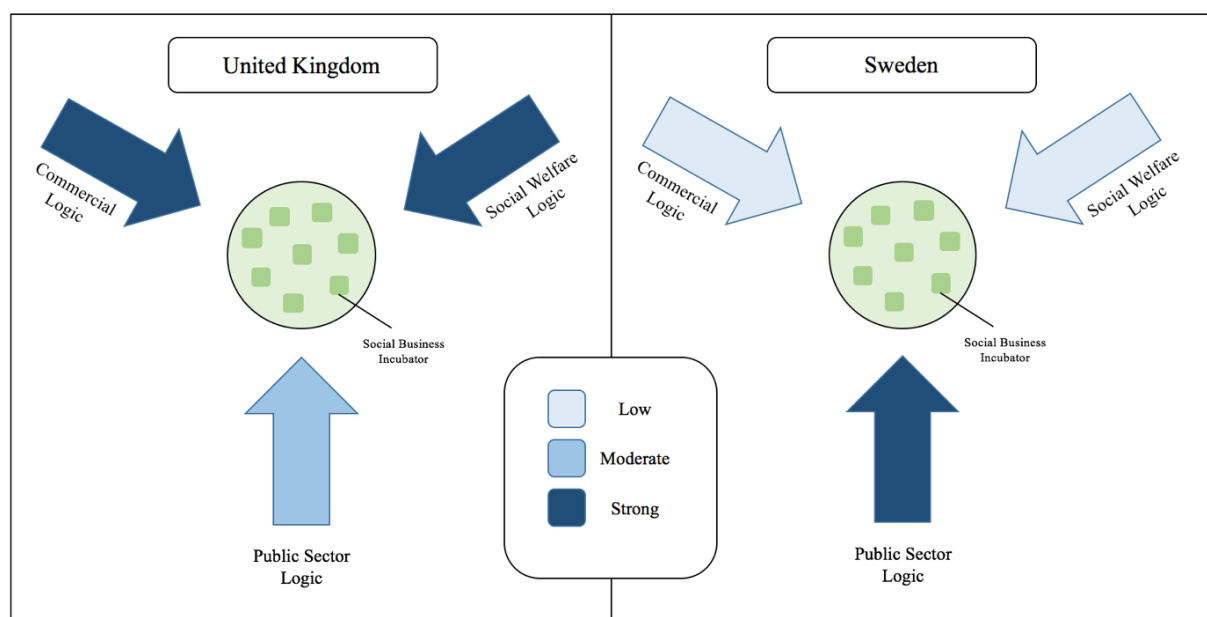


Figure 5: Constellations of logics in the United Kingdom and Sweden

5.2. Organisational Practices

Having established that the institutional logics for social business incubators are different in Sweden and the UK, the focus turns to the organisational level. This section will analyse the extent to which institutional logics are reflected in organisational practices. The four hybridisation strategies are used as an indication how incubators interpret and enact different logics.

5.2.1. Organisational Goals

For incubators, the goals are analysed by considering the externally prescribed assessment criteria and the selection process. Firstly, external stakeholders can manifest their expectations of what the incubator should achieve in formal assessment criteria. Secondly, incubators translate these assessment criteria into practice by the managing their selection process.

Firstly, social business incubators have the same formal assessment criteria in both countries. In some cases, these were set by and in other cases negotiated with funders or other stakeholders. In Sweden and the United Kingdom, all incubators are evaluated based on business- and impact-related criteria. Mostly, the business related criteria are the survival rate of the start-ups and the increase in key performance indicators such as the employee count or profitability. The impact-related criteria are either direct or indirect measurements of the impact of the incubated social ventures. The direct criteria relate to the jobs created by the social venture, while the indirect concerns the number and magnitude of affected beneficiaries. In the United Kingdom, these impact measurements are more sophisticated than in Sweden. The institutional logics constellations, however, provide no solid evidence for this difference.

Secondly, British and Swedish social business incubators are similar when it comes to their selection process. The selection process is a meaningful point to consider, because gives social business incubators the opportunity to pre-determine what indicators are ultimately reported. In other words, if an incubator believes the impact-related goals to be more important, it will select the corresponding social ventures. This also makes the selection process the point where the interests from stakeholders with different logics can shape the practices of the incubators. Notwithstanding the importance of the selection process, social business incubators consistently consider impact and business criteria.

Regardless of the strength of different logics, Swedish as well as British incubators **cumulate** goals from the commercial and social welfare logic. While the commercial logic is more concerned with the business goals, the social welfare logic is about the impact goals. This is particularly interesting for the Swedish context, where neither of these two logics is particularly strong. Nevertheless, incubators pursue the goal to make social ventures profitable and impactful. But even in the British context, incubators might face strong demands from either the social welfare logic or the commercial logic. Counter to what DiMaggio & Powell (1983) suggest, these social business incubators do not necessarily bow to powerful institutional referents. With regards to the goals, the incubators showed a high degree of resistance:

“Our corporate funders want to see the impact that is produced. What they really like are social entrepreneurs that have a product – ideal would be a social chocolate factory or something. Mental health is a less sexy business but some ventures have a high potential in that area. Although the funder might prefer the chocolate factory, we don’t let this swing our decision and ultimately, they trust us with it.”

This quote reveals an underlying concern that emerged as a theme throughout many interviews, especially in the social welfare logic context. Many incubators seek to be facilitators of real, intangible or tangible, social impact, rather than be a communication tool producing poster-like success stories. An own definition of social impact is therefore important for these social business incubators. As the example of Bethnal Green Ventures⁶ shows, incubators do not shy away from disagreeing with funders about this.

“In the beginning, there were some disagreements about what positive social impact means. Our investors consider some things social impact, but we don’t always agree with that. For example, we don’t back social ventures with the sole mission of increasing fundraising for charities. Our investors would think of that as social impact.”

These quotes can be considered further evidence that social business incubators are not bowing to stakeholder demands concerning their organisational goals. This holds for both, the assessment criteria and the selection process, in either country. Thus, the different institutional logics, regardless of their strength, do not shape the organisational goals. By resisting to adhere to powerful institutional referents,

⁶ Funded by the charity Nesta, the social investment institution Big Society Capital and received funding from the Social Incubator Fund

incubators show a degree of agency and do not reproduce the logics constellation or demands by powerful individual logics.

5.2.2. Organisational Activities

The empirical data revealed that social business incubators engage in some common activities, such as education, mentoring and networking. Unlike in Sweden, social business incubators in the United Kingdom engage in investment-related activities.

The educational component in both countries, regardless of the logics constellations, includes business- and impact-related modules. Although the commercial logic in Sweden is comparably weak, incubators emphasise the importance of the business-related modules for their social entrepreneurs. In the United Kingdom, the public sector logic is not as strong as the commercial or social-welfare logic. Nevertheless, incubators offer networking opportunities with customers such as the NHS or local authorities. Moreover, in both contexts, mentors are recruited from the business and impact field, depending on the requirements of different social enterprises. At times, the British incubators receive mentors from their funders, whereas in Sweden the mentors are often recruited independently. While some individual incubators tailor their educational component, networking or mentor-offerings, the general picture is one of similarity.

A notable difference between social business incubators in the two countries are the investment-related activities. Many incubators in the United Kingdom included in their organisational activities some form of investment⁷. The argument about investments in social businesses is similar to that about microfinancing. Battilana & Dorado (2010) suggest that microfinancing institutions need to straddle a banking and development logic. When providing loans to the poor, these institutions need to set interest rates low enough, so they offer an alternative to conventional banks. However, the interest rate cannot be set too low, because the microfinancing institutions need to sustain themselves economically. Therefore, these organisations need to find the right balance for the interest rate by compromising with regards to both logics (Pache & Santos, 2013). Similarly, to integrate the investment-notion of the commercial logic with the impact logic, social business incubators need to **compromise** between the two logics.

⁷ The identified forms were equity, quasi-equity, debt finance, convertible debt or bridge financing

This compromise can materialise in different ways for the investment instruments of the social business incubators. When asked about how the equity share is determined, the incubator manager from Bethnal Green Ventures commented:

“In the beginning, we looked around what other accelerators were doing. We didn’t want to be soft and ask for less, because we were social, but we also didn’t want to be harsh because we were social in terms of making the impression that it’s harder, so we picked the average. We just did a spreadsheet to find out the average of that and it turned out to be 6%”

Another point where the tensions can become problematic is explained by the Young Academy, which is providing convertible loan notes to their social ventures:

If we invest in a product or service and that doesn’t take off, they might pivot and develop in a different direction. If then the money is used for a more explicit commercial purpose that doesn’t have social benefit, that is problematic. We have provisions in investment agreements to allow us to pull money out or hold venture to account. We can’t be using public money for private gain which is essentially what we would be doing there”

The compromise in this case is less expressed as a certain percentage point. Instead, it materialises in how strictly the incubator is controlling the incubated venture. On the one hand, a tight control might restrict the social venture in commercial terms. The limitation to a certain customer group or business model, might run counter the commercial logic which entails an adjustment of the venture to market conditions. On the other hand, loose control might facilitate violation of the impact requirements. The right level of compromise therefore needs to be found with regards to the provisions in the investment agreements.

Interestingly, both Bethnal Green Ventures and the Young Academy were partly funded by the national government’s Social Incubator Fund and partly funded by charitable organisations. Nevertheless, the investment practices are clearly linked to a commercial logic and were adopted from all the government funded incubator programs. This illustrates the acceptance, even by public sector stakeholders, for incubators to modify their activities towards the commercial and social welfare logic.

In Sweden, social business incubators **dismiss** the commercial notion of investment and adhere instead to the single dominant public sector logic. Almost none of the Swedish incubators engage in investment-activities for the incubates. This is in line with the single dominant public sector logic, where financing is left to other market-oriented actors, in the Swedish case, for example Norrsken or Leksell Social Ventures. Instead, Swedish social business incubators focused on offering comprehensive advice for social entrepreneurs to find the right grant-funding program that they could apply for. The missing investment practices can be explained by the missing emphasis of the commercial logic in the Swedish context. The stakeholder with a public sector logic do not necessarily expect social business incubators to take over the function of impact investors. Much rather, the expectation is limited to giving advice to the social entrepreneurs what grant-funding opportunities, predominantly with public institutions, there are in Sweden.

To conclude this section, the organisational activities of incubators are shaped by institutional logics. Both share similarities in the educational, networking and mentoring components, but expose differences with regards to investment activities. British incubators reproduce the strong commercial and social welfare logic. By including an investment component, they enact both by seeking to compromise between them. Swedish versions do not engage in investment activities, reproducing the single dominant public sector logic, by dismissing the commercial logic.

5.2.3. Organisational Design

Battilana & Lee (2014) define the organisational design as the way in which organisations translate their strategy into action. It includes the formal structure, incentives, control systems and governance. This analysis will focus on the formal structure and the organisational governance, because the empirical data does not provide a sufficient base for analysing incentives and control systems.

Firstly, the formal structure of the incubators was observed to be different with regards to the legal form. Only few independent incubators exist, such as SE Forum or SoLab in Sweden which are normally spatially integrated in an impact investor or science park but are neither financed nor paid by the organisation. Only two of the interviewed incubators maintained their own offices, which are the Impact Hub and Reach for Change. These two are then legally structured as non-profit organisations or charities. The vast majority in Sweden, however, is integrated into a larger organisation, which can be a university or municipality. Most of these integrated ones then do not need to adopt a specific legal form, but act under the umbrella of the

parent organisation. Those incubators integrated into a university or municipality are often funded, or at least the employee wages covered by this parent organisation. Thus, the incubators mainly adopt the legal structure with regards to the public sector logic, or in the exception cases with regards to the social welfare logic. Nevertheless, Swedish incubators **dismiss** to integrate multiple logics and adhere to a single logic. In the United Kingdom, very few incubators are integrated into a university or municipality. Mostly, they are independent and have the legal form of a charity or non-profit. However, it seems like the organisational form is only adopted for symbolic reasons, as the example of Hatch Enterprises shows:

“The only difference to a commercial incubator is that we had to formally become a charity, so our investors can provide us with money.”

While this shows a rather practical approach, the London Creative Labs experienced something similar when deciding whether to accept a grant by JP Morgan:

“In order for JP Morgan to fund us, we needed to transform into a charity. We did not like doing that at all, it felt wrong. We did it though.”

These examples illustrate that the social business incubators can **de-couple** logics in order to satisfy the criteria of the important stakeholders. While symbolically endorsing practices (in this case the legal form) of one logic, they are actually implementing practices in line with other logics (Boxenbaum & Jonsson, 2008; Meyer & Rowan, 1977). In this case, the social welfare logic prescribes the two incubators to become charities, this does not reduce their legitimacy with actors from the commercial logic. In the case of Hatch Enterprises, this becomes especially obvious, because they are behind the organisation of sector-level conferences on social investments.

Secondly, the governance structure was similar in both countries, regardless of the different logic constellations. In both countries, social business incubators were governed by supervisory body that was not involved with the daily operations. Although originally a commercial logic element, the boards are pro-bono boards, as is the norm for many charities. Thus, the social business incubators seem to **compromise** with regards to the boards. On the one hand, the board follows the classical tasks of a corporate board (due diligence, strategic decisions). On the other hand, board members are volunteers and the composition of the board mainly spans across the entire range of stakeholders in both countries. While the data point to a

similarity between the boards of incubators in both countries, no solid arguments can be made about the internal functioning and effectiveness of the boards. While it can be argued, that the institutional context shapes the board composition, the data provides no insights how this in turn shapes the organisational practices of the social business incubators.

Thus, institutional logics shape the organisational design of social business incubators. In the United Kingdom, these incubators enact the two dominant commercial and social welfare logic by de-coupling the legal form. Conversely, in Sweden the incubators' legal form reproduces the single dominant public sector logic by dismissing other logics. Unlike the legal form, the institutional logic constellation is not reproduced in the boards.

5.2.4. Inter-organisational Links

In the context of this thesis, the horizontal and vertical links of the incubators to other organisations will be analysed. The former, the horizontal links, refer to the way social business incubators are connected to each. The latter, the vertical links, will include the links to customers. Although funders are also vertical links, these were discussed more extensively in a previous section.

The horizontal links are different across both contexts, but these differences cannot be explained by the institutional logics constellations. In the United Kingdom, social business incubators are interacting with their counterparts through organisations such as Social Enterprise UK or Big Society Capital. Moreover, incubators have started to launch their own conferences, as the 'Beyond Good Business' conference, organised by Hatch Enterprise, illustrates. In Sweden, although there is horizontal exchange between the incubators, no established network exists. Some of the incubators meet regularly to exchange knowledge and best-practices with each other. These were also summoned by the government to provide input for the new government strategy. The collected data does not allow these differences to be traced back to different logic constellations. Instead, the explanation might simply be that the British field is larger and more advanced. Also, London as a major centre for social investment, might be part of the reason for why the horizontal links are more established in the British context.

The vertical links are different in nature between the British and Swedish social business incubators. In the United Kingdom, incubators build relationships with

customers across many different sectors, including the private, public or charitable sector.

“We create links to many different customers. It can be the NHS, energy companies, local authorities, housing associations or charities. We look at what the venture needs and then approach the relevant customer.”

Somewhat paraphrased, this statement was heard during many interviews. Since the British incubators only at the end of the incubation process included potential customers, links were maintained to stakeholders from many different spheres. The nature of the relationships is characterised by a **compromise** approach. To maintain connections to a broad range of stakeholders, ranging from the state, charities or businesses, none of these stakeholder groups could be fully focused on. Meanwhile in Sweden, most social business incubators nurture continuous and close relationships with stakeholders from the public sector. An example for this, is SoPact, which concentrated mainly on a single, intense relationship:

“We announced some challenges that we worked out with the municipalities when opening the application process. This way, we know that if a start-up applies with a project to one of the challenges, there is a municipality sitting there, thinking ‘wow, we need to help them with this’. The customer question is already solved...”

Only few Swedish incubators pointed out that tight relationships are maintained with companies or charities. In line with the single dominant logic, Swedish incubators **dismiss** all other spheres to channel their energies entirely to the public sector actors. For most of the Swedish incubators, including SoPact, the close relationships with public sector actors are not limited to the customer aspect, but also these stakeholders are often funders of the incubator.

Therefore, institutional logics shape the inter-organisational links. Although the horizontal links are similar in both countries and not shaped by institutional links, the vertical ones are. The one dominant logic in Sweden shapes the nature of customer relationships of incubators to be more in depth. The incubators enact this single dominant logic by establishing relationships mainly with public sector stakeholders. The multiple strong logics in the United Kingdom are reproduced in ad-hoc and superficial vertical relationships across stakeholders from all logics.

5.2.5. Workforce Composition

This last organisational property is analysed with regards to the qualification of employees and the competitiveness of the salary.

Firstly, Battilana & Dorado (2010) argue that the qualification is of high importance for hybrid organisations. The authors demonstrate this argument in the context of micro-finance institutions in Bolivia. Straddling a banking and social welfare logic, these organisations could either choose to hire bankers or social workers. The findings show that organisations hiring from either of these fields performed worse than organisations choosing to hire from unrelated fields. Notwithstanding, the investigated incubators in both countries hired from related fields and seemed to face no significant problems with the cross-socialisation of the new employees. In fact, in both countries, incubators preferred to hire those applicants showing an interest in the business- and impact-aspect.

“You need a bit of both: business sense and sense for impact. We try to make new employees understand as quickly as possible why people are doing what they’re doing. We just sent our new communications director to Nigeria to see impact on the ground.”

This quote, exemplar for other similar statements, clearly shows that social business incubators cumulate the requirements for the qualification of employees. Despite different constellations of logics, these requirements do not seem to be connected to the respective context. Especially for the Swedish incubators, that find themselves exposed to a single dominant logic do not shape the employee qualification requirements in any way.

Secondly, differences were observed with regards to the competitiveness of the salary. It needs to be pointed out that the incubator managers were asked to describe the competitiveness of the salary, as opposed to giving a number. For the British social business incubators, the majority of incubator managers claimed to pay competitively with regards to the social sector. Yet, in the interviews, it was mostly pointed out that the salary lies below that of Venture Capitalist firms or consultancies. Therefore, these firms seem to strike a **compromise** between the commercial logic of paying highly competitive market-based and the social welfare logic of paying moderate social sector salaries. In Sweden, most incubators managers receive their salary from the university or municipality which is in line with a public sector payment. The only few exceptions are the independent incubators which also did not pay market-based competitive

salaries or social sector salaries. Therefore, the data provide insights the public sector seems to be the most determining logic, allowing incubators to **dismiss** other logics.

Thus, institutional logics shape the workforce composition of social business incubators. While similar in light of the required qualifications of employees, the logics shape the salary. The British incubators reproduce the multiple logics by finding a compromise between the social welfare and commercial logic. The Swedish ones enact the single dominant logic, dismissing other less important logics.

5.2.6. Organisational Practices – Synthesis

The analysis shows that the goals are not shaped by institutional logics, whereas the activities, design, relationships and workforce properties are shaped. These four organisational properties can be summarised as ‘means’ to reach organisational goals. It needs to be noted however, that even though presented as distinct properties, these properties are interdependent. For instance, the legal form that an incubator has might be connected to the salaries. Although it needs to be pointed out, it does not influence the general point that the analysis is attempting to make.

Organisational Property	Similarities	Differences	Difference explained by Institutional Logics	UK Hybridisation Strategy	Sweden Hybridisation Strategy
Goals	✓	✗	✗	Cumulate	Cumulate
Activities	✓	✓	✓	Compromise	Dismiss
Design	✓	✓	✓	De-Couple	Dismiss
Links	✓	✓	✓	Compromise	Dismiss
Workforce	✓	✓	✓	Compromise	Dismiss

Table 3: Summary of organisational practices

6. Results

This thesis attempts to answer the research question to what extent institutional logics shape social business incubators. Therefore, the constellation of institutional logics in two countries and incubator practices were empirically researched.

The first finding is that social business incubators in the two countries are facing different logic constellations at the macro level. In Sweden, the single dominant public sector logic prevailed, expressed by stakeholders of the public sphere. The relatively weaker social welfare and commercial logic exist but are relevant only for individual incubators. In the United Kingdom, social business incubators are exposed to multiple strong logics. While the commercial and social welfare logic are relatively strong, the public sector logic is less prominent.

The second finding is that social business incubators reproduce these different logics constellations in their means, but not in their goals. The collected data suggests that social business incubators have the same goals and defend these goals against institutional demands. The means that social business incubators use to reach the goals are shaped by the different institutional logics in either country. On all the organisational properties that can be summarised as means (activities, design, links and workforce), British social business incubators chose compromise or decoupling as a hybridisation strategy. Both of these strategies effectively reproduce the institutional logics constellation, by incorporating both of these logics into the organisation. The Swedish social business incubators also reproduce the institutional constellation on the organisational means. In this case, the dismiss hybridisation strategy is chosen which caters only to the one dominant public sector logic.

Thus, the clear answer to the research question is that institutional logics shape the means, but not the goals of social business incubators.

7. Discussion

For the discussion of these results, this sections will relate back to the expected contributions as outlined at the start of the thesis. These expected contributions include theoretical as well as practical aspects.

The primary theoretical contribution was to contribute to the sparsely established research body on social business incubators. The few available studies focus on how these incubators are different from their commercial counterparts. Research has not considered to what extent social business incubators are shaped by institutional logics. The findings suggest that social business incubators have the same goals, but employ different means to reach these goals. In Sweden and the United Kingdom, social business incubators follow the goal to produce ventures that are profitable and impactful. Withstanding institutional demands of powerful stakeholders, the incubators protect these goals. Often, as Pache & Santos (2010) suggest, goals are expressions of the core values and identity of organisations, which makes them difficult to challenge. Means on the other hand, are the processes and functional strategies to reach the set goals (Pache & Santos, 2010). These are negotiable and more easily adopted as shown by the social business incubators. Interestingly, this offers an insight into the scope of agency for these incubators. While they can show a high degree of agency with regards to their goals, but are more likely to incorporate structure in the means to achieve these goals.

Besides this more general updating of the field with empirical insights, the findings also speak to the suggestions made by Carrera et al. (2006) and Sonne (2012). Both authors argue that social business incubators first develop into commercial incubators and then into science parks. This suggested evolution implies that social business incubators change their goals to embrace mainly a commercial notion. Essentially, it would mean that the social impact component is lost or discarded on the way. The evidence of active resistance against any change in the goals stands against the evolution towards a commercial incubator. Furthermore, across both contexts, social business incubators seem to build structural against the risk of a mission drift, such as supervisory boards.

On the topic of social business incubators, this thesis can be seen as a starting point for further research. Firstly, this thesis is focused on explaining the differences that between social business incubators across institutional contexts. The findings show that the means are shaped by different institutional logics. However, there were also similarities in the means such as an educational component, mentoring or professional boards. While this thesis is focused on explaining the differences in the

means with institutional logics, it would be interesting to investigate these residuals in the means. Perhaps a literature stream on the diffusion of incubator practices across the countries can be used to explain these residual properties of social business incubators. Although they proved to be similar in the comparison does not mean that similarity holds across other comparisons. Secondly, this thesis is studying two particular contexts and the generalisation to other contexts is limited. Perhaps, the findings can be generalised with caution to countries with similar conceptualisations of social entrepreneurship. The approach to social entrepreneurship in the Nordic region is rather similar, because all countries traditionally operated large welfare states, only slowly opening the door for the modern conceptualisation of social entrepreneurship (Lundgaard, 2016). By accounting for the slight differences, Sweden could be seen as a proxy for other Nordic countries. For the United Kingdom, there is no such immediate peer group of countries (Nicholls, 2010), although Teasdale (2012) argues that social entrepreneurship in the United Kingdom is assimilating that of the United States.

With regards to institutional logics, the thesis set out to investigate to what extent institutional logics shape social business incubators. The academic literature has been interested in the relationship between logics and practice. Mostly, the studies have considered organisations as a unitary actor, finding a hybridisation strategy to integrate these tensions. This thesis investigates how different response strategies can be employed across various organisational properties. The findings suggest that the experience of institutional logics is different across goals and means. The findings provide an interesting starting points for further research with regards to institutional logics. Firstly, this thesis focused on showing how institutional logics shape the practice of social business incubators. However, no solid conclusions can be made how the practices, in turn, influence the institutional logics. Perhaps, research discovers that the resistance of social business incubators on their goals, somehow influences the prevailing logics. Scholars have started to investigate this question and for instance York, Hargrave, & Pacheco (2015) argue that the organisational practices in the wind energy industry differently shaped the constellation of logics. To investigate this in relation to social business incubators a study could study a few of these organisations in depth over a certain period of time. Secondly, the findings could be used as a starting point for a discussion about stability and change with regards to certain logics constellations. Krücken et al. (2017) observe that one dominant logic in a field constrains action, while multiple logics simultaneously constrain and enable actions. In the context of this thesis, social business incubators in Sweden are facing one dominant logic, while in the United Kingdom, incubators are facing multiple logics. As suggested by Goodrick et al. (2013) might be an indicator for a more stable situation in Sweden than in the United Kingdom. Also here, the empirical data provides no solid evidence that one context is more quickly changing than another. Again, a

longitudinal study could shed light on this question by including a time, rather than a space dimension. More specifically, this study could track the major changes in the logic constellation, as shown by Goodrick & Reay (2011) in the social business incubator field. These authors track how the different constellations of logics influence the practices of pharmacist over a period of time. Social business incubators would be an interesting unit of study because the social entrepreneurship field in which they operate is characterised by a number of different logics. These are reflected in one way or another by the practices of the organisations and individuals in this field.

A limitation with regards to the application of institutional logics in this study is that the unit of analysis is restricted to the organisational level. The focus of the thesis was to give an insight into the way in which organisations interpret and enact institutional logics. This however does not investigate the 'coal face' of institutionalism (Goodrick et al. 2013). This coal face relates to the way in which individuals reproduce the logics in their professional practice. The empirical data was collected from numerous organisations, as opposed to focusing on individual incubators. This means that it becomes difficult to make claims about aspects such as identity or culture of incubators. By investigating these issues, it can be observed how individuals interpret and enact the different institutional logics. This could provide new interesting insights into the process of building resistance towards powerful funders or the decision-making process to adopt means as required by external stakeholders.

Besides the theoretical contributions, some implications for practice can be derived. By reading this thesis, incubator managers might receive an overview of social business incubation in a different country. Throughout the project, an interest for the research and the findings was reflected during the interviews with incubator managers. Besides the incubator managers themselves reading this thesis, it might also contribute to an increased attention from individuals outside the social business incubation field.

This thesis is also believed to be interesting for policy makers in either country to learn about different approaches to social business incubation. Especially in the United Kingdom, there have been changes in the support of policy makers towards social business incubation. Although not a primary investigated by this thesis, these shifts had interesting implications for the practices of social business incubators. While a topic for future academic research, Swedish policy makers might be able to draw important lessons about how the private sector entered the stage of social business incubation.

Perhaps, this thesis can also be of use for social entrepreneurs that are seeking to find a suitable social business incubator. Some of these entrepreneurs are geographically

flexible and can chose to apply to different incubator programs. Moreover, the fixed duration of the programs might encourage social entrepreneurs to temporarily move away from their target population. By reading this thesis then, social entrepreneurs might be made aware that incubator programs differ somewhat across countries. Social entrepreneurs can then selectively apply to those incubator programs that best fit their preferences or requirements.

8. References

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9. Appendix

Appendix 1: Interview partner overview

Date	Nature	Country	Organisation	Interviewee	Function	Length	Location
23.02.2018	Incubator	Sweden	Impact Hub Stockholm	Jesper Kjellerås	CEO	50 min	Stockholm
23.02.2018	Context	Sweden	Social Forum	Ludvig Sandberg	Political Advisor	60 min	Phone
26.02.2018	Incubator	Sweden	SE-Forum	Nicklas Wallberg	CEO	50 min	Stockholm
05.03.2018	Incubator	UK	Bethnal Green Ventures	Paul Miller	CEO	60 min	London
06.03.2018	Incubator	UK	Creative Labs London	Sofia Bustamante	CEO and Founder	90 min	London
08.03.2018	Incubator	Sweden	Sopact	Peter Lövschall	Co-Founder	65 min	Phone
08.03.2018	Incubator	Sweden	SE-Forum	Maria Bustamante	Board member	60 min	Stockholm
14.03.2018	Context	Sweden	Coompanion	Marcus Bergh	Operations Manager	60 min	Stockholm
15.03.2018	Incubator	UK	UnLtd.	Peter Ptashko	Head of GSEN	30 min	Phone
16.03.2018	Context	UK	Social Enterprise UK	Liz Minns	Head of Membership	30 min	Phone
19.03.2018	Incubator	Sweden	Reach for Change	Sofia Breitholtz	CEO	30 min	Phone
19.03.2018	Incubator	UK	Social Business Trust	Adele Blakebrough	CEO and Founder	30 min	Phone
19.03.2018	Incubator	UK	Hatch Enterprise	Dirk Bischof	CEO	30 min	Phone
20.03.2018	Context	Sweden	Tillväxtverket	Carin Persson		45 min	Phone
21.03.2018	Incubator	UK	Young Foundation	James Teasdale	Head of Young Academy	45 min	Phone
22.03.2018	Context	Sweden	ESF	Anna-Lena Wettergren	Regional Specialist	40 min	Phone
27.03.2018	Incubator	Sweden	SoLab	Ida Asp	Former Head of Incubator	45 min	Phone
29.03.2018	Incubator	UK	Allia Serious Impact	Angela Kanwar	Program Director	30 min	Phone
04.04.2018	Context	Sweden/UK	SEND E.V.	Michael Wunsch	Founder	60 min	Phone
04.04.2018	Incubator	UK	School of Social Entrepreneurship	Emily Vermont	Employee	60 min	Phone
05.04.2018	Context	Sweden	Lulea University	Malin Lindberg	Researcher	45 min	Phone
06.04.2018	Incubator	Sweden	GU Ventures	Sofia Ström	Project Manager	30 min	Phone
14.04.2018	Incubator	Sweden	Social Impact Lab Örebro	Åsa Allard	Manager	45 min	Phone
18.04.2018	Incubator	Sweden	Partnership for Social Innovation	Anders Bro	Development Manager	60 min	Phone

Appendix 2: Exemplary Interview Guide – *the interview guides were slightly adjusted with regards to the organisation and the national context. Moreover, the questions were only used as starting points for a discussion.*

Organisation/Structure

- Why was your organisation founded?
- Were there any structural changes since its foundation?
- What is the funding structure?
- How are you evaluated by your partners?
- When are you successful? What kind of performance do you measure?
- Can you identify any points where tensions materialise in the organisation?

Ecosystem

- What is your relationship to the local municipalities?
- How do you try and build your ecosystem?
- What is the governments approach in terms of social business? How has that changed in the last years?

Activities

- Why do entrepreneurs apply to your organisation?
- How do you select the start-ups?
- How do you hire and how do you socialise/educate new employees?