Social Entrepreneurship and Institutional Sustainability: Insights from an Embedded Social Enterprise

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Abstract Mainstream enterprises function by alleviating the cognitive burdens on their members and hence generating an insensitivity to all those complex environmental factors, in which they critically depend. By focusing on the political, institutional dynamics, the present article dwells on the questions of: How can social enterprises regain the embeddedness to the political, institutional environment and how can this process quest the dominant, institutional closure? To address these questions, the article introduces a synergy between new institutionalism and systems theory, both macro-sociological approaches that can compensate for each other’s deficiencies. In this context, the hybrid concept of institutional entrepreneurship describes the institutionalization of new organizational forms via the embeddedness of the institutional logics that underpin them. An in-depth qualitative research of the OTELO social enterprise and of its institutional framework of Mühlviertel was conducted. Empirical evidence shows that social entrepreneurship can regain the institutionally sustainability by becoming embedded to the fields of legitimacy, politics and discourse, and through this process dispute the broader institutional closeness.

Keywords Institutional entrepreneurship \& Institutional sustainability \& OTELO \& Social entrepreneurship \& Systems theory

Introduction

Similar to any other social systems, enterprises simplify the cognitive processes for their members (Luhmann 2012), by reducing the complexity of the external environment (Roth 2017). Thus, they gradually become detached from those structural conditions on which they critically depend (Valentinov 2014). Valentinov and Thompson (2018) argue that this complexity reduction is manifested to the hierarchical structure of the mainstream enterprises. Thus, a counterbalance to the hierarchical principles might be a cooperative structure, i.e., what they theorize as a “coordination–cooperation trade-off” (Valentinov and Thompson 2018).

Social enterprises as socially, historically and geographically embedded organizations (Steyaert and Katz 2004; Smith and Stevens 2010; Bacq and Janssen 2011; Somerville and McElwee 2011) can quest this operational closeness, by disputing the hierarchical structures and reconstructing the link to the environment. Unequivocally, the term environment seems rather broad and thus needs to be narrowed down. Eventually, the article illustrates the embeddedness of social enterprises to the political–institutional environment. More specifically, it addresses the research questions of: How can social enterprises regain the embeddedness to the political, institutional environment and how can this process quest the dominant, institutional closure? To critically engage to these questions, the article makes use of the benefits that a partial eclecticism may bring (Peters 2012), by combining theoretical elements from new institutionalism and systems theory, both macro-sociological approaches that can compensate for each other’s deficiencies.\textsuperscript{1}

\textsuperscript{1} For more see theoretical outline.
The present article makes a twofold contribution: Primarily, it explores the potentialities of systemic openness and institutional sustainability for social enterprises. At the same time, it investigates how this process can challenge the dominant institutional apparatus itself. DiMaggio (1988) by combining organizational issues with a macro-sociological perspective has first conceptualized the notion of “institutional entrepreneurship.” The social–institutional entrepreneur by penetrating the boundaries of two closed systems—that of the enterprise and that of the institutional framework—can dispute and eventually displace both.

In the first part of the article, the synergy between new institutionalism and systems theory is illuminated. Whereas new institutionalism seems as a fruitful field for a macro-analysis to flourish, systems theory dwells on the micro-foundations of the organizations. By reflecting both theoretical strands on the concept of institutional entrepreneurship, a theoretical tool is developed to describe the institutionalization of a new organizational form. In the second part, the research design and methodology are analyzed. Finally, in the third section an in-depth qualitative research of the Austrian social enterprise of OTELO is presented, as well as of the surrounding institutional framework of the NUTS3 region of Mühlviertel. Insights from the rather well-embedded social enterprise of OTELO are drawn. Nonetheless, for the social economy occurrences that remain strongly related to the social context, drawing generalizations from a case study would seem superficial. Thus, considering the limitations of the present research, the article aspires to underline the merits of the theoretical synergy and to shift the analytical attention to the institutionalization processes, for the further applied research that has to be done.

Theoretical Outline

New Institutionalism and Systems Theory

Both new institutionalism and systems theory constitute macro-sociological approaches, which deal intensively with the links between organizations and society (Hasse 2005). The new institutionalists have primarily dealt with the diffusion of formal organizations (Boli and Thomas 1997). In doing so, they have engaged to the impacts of the so-called world polity (Hasse 2005), which consists of universal norms and expectations of rationalization and democratic principles (Meyer et al. 1994). In this context, new institutionalism evaluates organizational divergences as residuals, with change expected to materialize as isomorphism (Powell and DiMaggio 1991). The inability to interpret change and transformation constitutes one of the main critical arguments against new institutionalism (Peters 2012). By placing so much emphasis on convergence, autonomous decision-making has been undermined (Dowding 1994), as well as the organization’s capacity for selective and idiosyncratic processing (Hasse 2005).

While new institutionalism primarily focuses on the dynamics of convergence, systems theory sheds light on the micro-foundations of organizations and their internal dynamics (Luhmann 1964). Unfortunately, such a microfoundation is often absent in the new institutionalism. Thus, the systems theory can provide a compensation for the narrow focus on isomorphism which characterizes the new institutionalism (Hasse 2005). On the other hand, a strict focus on the internal processes of systems devalues the links with the societal context. Eventually, the present article, by enacting a conjunction of the two theoretical strands, aspires to develop a resource pool for building up our understanding of both internal microprocesses and external macrolinks of organizations. In this context, organizations do have a functional differentiation, by means of mediation, selectivity and active agency (Powell and DiMaggio 1991).

These function divergences are better illustrated by focusing on the fundamental requirement of any social system to absorb complexity and uncertainty (Hasse 2005). Social systems function by alleviating the cognitive burdens on its members, through limiting the available opportunities (Luhmann 2012) and thus reducing the complexity of the environment (Schneider 2009). In other words, social systems function by becoming operationally closed, meaning that they reduce their complexity and by that their internal logics become detached from the environment, in which they find themselves and which provides physical and social resources (Valentinov and Thompson 2018).

This general idea is schematically represented by Valentinov and Thompson (2018) as a “complexity–sustainability trade-off,” which integrates the idea of systemic closure and systemic openness, respectively, conceived by Luhmann (2012) and Bertalanffy (1968). Enterprises, like any other social systems, function by reducing the environmental complexity for its members (Roth 2017). Consequently, they contain a predisposition to unsustainability, in societal, environmental and economic terms (Valentinov and Thompson 2018), since they develop an insensitivity to all those conditions on which they critically depend (Valentinov 2014).

The concept of complexity–sustainability trade-off inside the context of the enterprise manifests itself as a coordination–cooperation trade-off (Thompson 2015). An essential tool of coordination is the hierarchical structure that standardizes the members’ behavior and fits it into specific patterns (Valentinov and Thompson 2018). Thus,
in virtue of enhancing the sustainability of the enterprise, potential initiatives have to dispute the hierarchical structure of the enterprise. Social enterprises constitute such cooperative initiatives that can balance the complexity reduction with the sustainability quest (Thompson 2014) and by that counteracting to the environmentally destructive tendencies of hierarchical firms (Thompson and Valentino 2017; Agafonow 2015). A subordination of the coordination principles of the mainstream enterprises to a cooperative structure can regain the embeddedness to the environment and ipso facto the sustainability of the enterprise.

Nonetheless, it is reasonably objected that such initiatives are likely to be feasible only in certain niche activities with relatively low requirements of complexity reduction (Thompson 2016; Simon 1983). If the economic system remains dominated by hierarchical enterprises, their adverse effects on society are unlikely to be neutralized. Following this line of argumentation, the critical question that essentially emerges is how can social enterprises quest this macro, operational closeness? In other words, how can this regained embeddedness to the environment become dominant on the field of entrepreneurship?

The issue of environmental embeddedness seems very broad and exceeds the strict boundaries of a single article. Thus, in order to critically engage to this question, the concept of environment has to be narrowed down. Eventually, the present article focuses on the political, institutional dimension of the environment and the conditions and dynamics that unravel within it. The specific research questions thus become: How can social enterprises regain the embeddedness to the political, institutional environment and how can this process quest the dominant, institutional closure? To address those questions, elements from new institutionalism and systems theory are reflected to what is often labeled as “new institutionalism for organizational analysis” (Powell and DiMaggio 1991; Scott 1995) and the idea of “institutional entrepreneurship” (DiMaggio 1988).

Institutional Entrepreneurship

DiMaggio (1988) by combining organizational issues with a macro-sociological perspective has first conceptualized the notion of institutional entrepreneurship. The term refers to the practices of agents “who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones” (Maguire et al. 2004, p. 657). The dynamics between institutions and organizational forms appear rather nuanced and complicated. According to DiMaggio, organizational forms are generated when an institutional entrepreneur creates new hybrid logics that underpin new organizational forms, by combining aspects of established institutional logics (DiMaggio 1988). This way, institutional entrepreneurs create a whole new system of meanings by manipulating the institutional structures in which they find themselves and by that they tie the functioning of disparate sets of institutions together (Garud et al. 2002).

Nonetheless, as the broader new institutionalism literature underlines, institutions themselves are social systems that are operationally closed (Peters 2012). Similar to the biological environment, the institutional environment offers very specific conditions of survival that render institutions resistant to change (Strang and Sine 2002). Thus, solutions and practices within those reduced frameworks constitute standardized responses to the problems, belonging to the “garbage can” of decision-making (Cohen et al. 1972).

By introducing the critical strand of institutional entrepreneurship, DiMaggio (1988) shifted the analytical focus on both directions of the relationship, not only how organizations are generated from the institutional structure but also additionally, how the emergence of new organizational forms can change the institutional environment per se. The development of organizational forms seems to be one of the main drivers of institutional change that has only recently gained the attention of institutional theorists (Peters 2012). The combination of new institutionalism with systems theory realizes the bidirectional character of the relationship, by approaching organizational forms as the manifestation of institutional logics (Greenwood et al. 2010), and vice versa.

Thus, an introduction of a new organizational form could influence or even drastically change the institutional logic that underpins the mainstream institutional framework. Following this line of theorizing, the social–institutional entrepreneur by penetrating the boundaries of two closed systems—that of the enterprise and that of the institutional framework—can dispute and eventually displace both. A mainstreaming of the embedded social enterprise to the institutional framework can introduce a new institutional logic and quest the broader systemic closure of the institutional structure. Although there is an extensive literature, highlighting the significance of the emergence of new organizational forms (Romanelli 1991; Daft and Lewin 1993), the process of their diffusion has received little attention in the new institutional theory (Suddaby and Greenwood 2005). The present article makes theoretical and empirical contributions to this research gap.

Since first introduced by DiMaggio, the process of institutional entrepreneurship has been reframed in multiple ways. Nonetheless, there are three important features that most of the accounts consent on: (a) the legitimacy and appropriateness of the actions of the institutional entrepreneur within a system of norms, values, beliefs and
definitions, (b) a political dimension where power contests unravel between the stakeholders and (c) a discourse dimension that engages to the systems of meaning and the strategic use of symbols and language by the entrepreneurs (Tracey et al. 2011).

In order to challenge the embedded institutional logic, the institutional entrepreneur has initially to consider the legitimacy and the appropriateness of his actions and to frame them within a system of norms, values, beliefs and definitions (Tracey et al. 2011). This process is described as a twofold opportunity recognition, which contains a problem framing followed by a counterfactual thinking (Tracey et al. 2011). Having identified that the actions are desirable, proper and appropriate, within the specific framework (Suchman 1995), the counterfactual thinking of the institutional entrepreneur is fundamental for challenging assumptions, investigating underlying causes and generating provocative solutions to particular issues (Gaglio 2004).

Provocation is an implicit characteristic of a process that is essentially political and heavily characterized by power contests (Beckert 1999; Levy and Scully 2007). The political dimension of institutional entrepreneurship remains in line with the broader institutional theory literature, which argues that contradictions and differences between institutional stakeholders can trigger institutional change (Seo and Creed 2002). Political apparatuses are hence not conceived as homogenous entities, but on the contrary as manifestations of inter-institutional struggles and collisions, with dynamic boundaries and no prefixed unity (Jessop 1990). Thus, seeds of new institutional logics depend on the wider opportunity structure and the institutional arenas (Tarrow 1994). Institutional struggles thus generate cracks for institutional opportunities to emerge and new institutional logics to challenge the embedded logics and organizational forms (González and Healey 2005).

Further, these struggle are manifested on the level of restructuring a system of meanings through the strategic use of symbols and language. Discourse analysis has informed the attempts to apply the Gramscian analysis to the struggle the discourses to become hegemonic (Fischer 2000; Jensen and Richardson 2000). Discourse routines thus reach a broader institutionalization by overcoming a simple terminology structuration (Hajer 1995). Thus, after a process of developing appropriate and legitimate actions and testing them in the political institutional arena, the last step of the operational opening is related to a struggle for a discourse hegemony. A discourse dissemination and embeddedness reveal the fact that the new institutional logic has gradually become a common perception across the institutional field.

At this point, it should be underlined that the three interpretative dimensions remain intertwined and not clearly distinguishable. The categorization has been articulated solely for methodological reasons. This way the threefold interpretative framework helps to better delineate the embeddedness of social entrepreneurship, in such a way, as to question the domination of the hierarchical firms and to adverse the effects of the institutional, systemic closure.

Research Design and Methodology

By drawing elements from the systems theory–new institutionalism synergy, the research incorporates a micro- and a macrodimensions, respectively. Looking at the micro-dynamics of the researched organization, the OTELO project started as a network of open technology laboratories. OTELOs essentially provide “open spaces” and “open technology labs” for civic participation, in order to create inspirational environments for innovation to flourish and to attract young and innovative people to live in rural areas. The concepts of innovation and openness lie on the core of the OTELO project and have gradually developed a “network for innovation culture” (Monetz 2018). The success of OTELO has been reflected to its broad expansion across Austria but also to a constantly growing international network. Founded in 2010, OTELO has already opened in ten locations throughout Austria and is spreading internationally with two German and one Spanish OTELOs currently in the start-up stage. In addition, within 1 year OTELO developed 17 collaboration projects with industry partners and NGOs and hosted more than 150 events on regional innovations, involving more than 20,000 people in these activities. The sustainability of the project has been in any case one of the main criteria of its success as the continuity of the project is assessed as rather crucial (Derma 2018). While researching the micro-foundations of the organization, two in-depth interviews with two of the founders of OTELO were compiled with participatory observations during a 2-month internship and document analyses.

The NUTS3 region of Mühliertel constituted the macro, institutional environment inside which OTELO was investigated. The reason for that was the strong historical and contextual bondages between OTELO and some of the LEADER regions of Mühliertel, which rendered the process of institutionalization clearly identifiable. The region of Mühliertel consists of six LEADER regions: Perg Strudengau, Mühliertler Alm, Mühliertler Kernland, Sterngartl-Gusental, Donau-Böhmerwald and Urfahr-
Umgebung.² Mühlviertel is a prosperous statistical region that is constantly growing in economic terms. The GDP adjusted by current market prices constantly rises from 2007 at 3.896 to 5.279 million Euros in 2015, i.e., a growth of 74% during an 8-year period. At the same time, the population remains moderately stable, 204 thousand people at 2007, 206 thousand people at 2015. We are thus overall talking about a prosperous region.

The sampling process of the political, institutional stakeholders interviews combined a “snowball sampling” with a “key informant sampling” (Lavrakas 2008). Since the stakeholder quality is not a solid characteristic that could be identified from a theoretical distance, the snowball sampling meant that the subjects of the research contributed by recommending political institutions as key informants of the field. Eventually, by combining the two methods the experiences of the subjects were incorporated and were triangulated with field observations and documents. Although the interviewees cover a wide range of the institutional stakeholders, it would be superficial to consider the list exhaustive. Still, it is fair to argue that the sample covers the whole range of political dimensions and approaches of the Mühlviertel institutional framework.

Interviews with stakeholders from the broader political spectrum developed an integrated account of the macro, institutional landscape. Fifteen semi-structured interviews were conducted: six Local Action Group (LAG) managers, the manager and a member of the regional development office of the NUTS3 Mühlviertel, two politicians that are now elected members of the Upper State parliament, the representative for the European LEADER Association for Rural Development (ELARD) and president of the LEADER forum, an ex-mayor and pioneer of regional development, the manager of an organization facilitator of social entrepreneurship.

The questions of the interviews could be categorized as belonging to three main categories, referring to the respective dimensions of institutional entrepreneurship: regional development challenges, where questions about the main problems of the region were asked, as well as projects that were facilitated from the interviewee’s institution. This way the main problems as well the appropriateness of the OTELO interventions were framed. Second, the interaction of the institution of the interviewee with the OTELO organization was investigated. This way a network of institutional interactions and struggles was illustrated, as well as the power contests between the mainstream institutions and the introduced institutional logic of OTELO. Finally, by investigating discourse familiarity, perceptions and practices, the embeddedness of the institutional logic as well as of the newly introduced discourse was researched.

Eventually, the qualitative research presupposed a triangulation of data with resource to three sources: field data, documents and the confronted thirteen interviews with the political stakeholders with the two in-depth interviews with the key stakeholders of OTELO. All the interviews were anonymized for reasons of political sensitivity. Grounded theory was used to facilitate the data and conceptualize the latent social patterns of OTELO embeddedness to the institutional structure. Initially, an inductive approach was used to generate substantive codes from the in-depth interviews of the OTELO stakeholders. Consequently, those codes were traced on the political experts’ interviews leading to the deductive phase of the grounded theory process, by indicating the process of institutionalization. This process was also conducted backward, by developing substantive codes from the institutional interviews and reflecting them to the OTELO stakeholders’ interviews for reasons of verification.

It might be objected that the common themes and patterns are not the reflection of the OTELO institutional logic to the institutional framework but rather the opposite, disputing the direction of the relationship. Nonetheless, there are constant direct references from the institutional stakeholders to the OTELO processes, signifying the effects of the OTELO initiation to the institutional environment. Still, it is reasonable to argue at some point positive feedback loops were generated between the institutional enterprise and the institutional framework that rendered the direction of the relationship controversial. How the dynamics between the institutional entrepreneurship and the institutional environment evolve is a substantial but also complicated issue that remains outside the boundaries of this limited article. The article though aspires to constitute a precursor for the future research that has to be done.

The OTELO Institutionalizing

A Legitimate, Appropriate Initiative

The idea of OTELO did not emerge unexpectedly. On the contrary, it was a rather grounded project that was developed by former regional development stakeholders in order to address the deficiencies of the hitherto regional development process. More specifically, the idea began in 2009 from Monetz, a then director of regional management for the Upper Austria districts of Vöcklabruck and Gmunden, and was the outcome of a critical stance toward the regional development strategies of all political levels, European, Federal Austrian and Upper Austrian. The

² For more see https://www.leader.at/ueberblick.html.
gradual centralization of processes as well as the alienation of the civic society from the policy-making was the main reasons behind the OTELO project. Derma, a project manager and one of the first founders of OTELO, stresses that OTELO has been itself initially financed by the LEADER in a schema where the two “played very well together.” Nowadays, there is a process of further centralization, by moving the decision-making of projects in Linz, and “taking out the energy of the regional process” (Derma 2018).

The intimacy and the connection between OTELO and LEADER were initially developed around the axis of experimentation. LEADER was “like experimenting, prototyping and if you produce a prototype that is not working sometimes it is ok”. In the aftermath of the LEADER mainstreaming 2007–2013 period, the regulations and the bureaucracy were constantly growing, enhanced by the Austrian common perception that “it has to work, otherwise you don’t get the money.” A very open project, where you do not know exactly what will happen at the end, was difficult to get LEADER funding. However, if you said, “I am designing something which at the end displays a space and a hard structure” you could get funding much easier (Derma 2018).

This process of experimentation was a main theme across the Mühltviertel region, introduced by the pioneers of the Mühltviertler Alm LEADER subregion. Mühltviertler Alm has been a role model for regional development during the last 30 years (Kral 2018), a constant point of reference (Torning 2018), as well as a positive influence for other regions (Dies 2018). The process of regional development was initiated as a political initiative 25 years ago (Derma 2018), and it constituted a reply to a hitherto failed structure, where a big population drop became an awakening for the regional stakeholders. Bounded by a lack of resources and spatial disadvantages, regional development was activated by getting the people to work together and getting the municipalities to work together, reflected to the emblematic quote of the region “not against each other, not beside each other, but only with each other” (Kral 2018). A main theme of this regeneration was an explicit tolerance to experimentation (Kral 2018; Torning 2018) and the promotion of new ideas and projects. Soon enough though, the region came through a saturation period where everyone was participating in personal projects, entailing a rise of egoism and a weakening of the previous social contacts (Kral 2018). A steady successful development of the region seems to have driven the region to a saturation and an attachment to a successful status quo.

Mühlviertel region seemed to come through a similar maturity period where the continuity and sustainability of the projects appeared as the main criteria for assessing the impact of the projects (Torning 2018). Thus, a broader loss of tolerance for failure and experimentation seemed to be at stake. The LEADER restructuring thus has not been the only reason of losing this experimental approach; an attachment to a successful regional development has enhanced the phenomenon by raising similar dynamics. Thus, an underpinned institutional logic of experimentation has been gradually depressed, both for the regional development stakeholders, as well as for the development, LEADER tools that had been pivotal for the region.

Thus, complementary institutions that were cooperating efficiently soon became substitutes, with OTELO introducing the appropriate new institutional logic to substitute basic elements of the community-led regional development of the LEADER. The OTELO project thus filled the void that the mainstreaming of processes and tools left behind, in terms of public participation, innovation and openness. The community building process that was facilitated mainly through the LEADER projects was undermined, and the founders of OTELO wanted to develop a culture of openness, sharing and cooperation that could generate innovative ways of participatory regional development. Finally, by using the traditional materials of community building and enriching them with technological initiatives, the OTELO wanted to establish a way of “doing something completely new in the system” (Derma 2018). In other words, it had to manipulate the structure in which it found itself embedded (Garud et al. 2002).

The broad civic approval of the OTELO project had to do with the appropriateness of the endeavor but at the same time with a broad sense that the regional agents lost their legitimacy in facilitating the topics of interest. Consequently, many people retreated from LEADER projects and distanced themselves from the regional agents, since the processes were too time-consuming, too complicated and too bureaucratic, having to know everything in detail before you start (Derma 2018). In people’s perception, the LAG agents that were engaged to LEADER programs became thus gradually discredited and delegitimized for the facilitation of an innovative and experimental regional development agenda.

Institutionalist advocates argue that institutions have to adjust to environmental demands and internalize new norms that would regain their credit and legitimacy (Blyth 2001; Cortell and Peterson 1999). The liberal democratic literature more generally suggests that in order to govern institutions to be functional, a substantial majority of the population has to consider them as legitimate (Catt and Murphy 2003). Thus, innovation and change are often triggered by the institutions, as a way to increase, or regain, their legitimacy and status (Carvalho et al. 2017). Nonetheless, empirical evidence suggests that due to an institutional inflexibility, instead of internalizing the environmental demands, institutions might prefer to retreat
A Political Predominance

By substituting features of the regional development agencies, the OTELO initiative was introduced to the political arena. What did that mean for the broader structure and how institutional struggles between the traditional institutional logics and OTELO unraveled? The qualitative research displayed an institutional arena of a low intensity and weak mismatches and struggles between OTELO and the institutional stakeholders. The reason for that was that institutional stakeholders presented a common and rather well-embedded perception that OTELO has entrenched its own sociopolitical field of action and remained autonomous.

Even if the supply of open spaces for civic participation was often conceived as a less important action, in contrast to the basic infrastructure of the public sector (Korfer 2018), these open spaces were considered substantial for young people “to work in a community and in an open way, to have meeting places where they could be together, work in a creative way” (Korfer 2018). The dichotomy between the formal institutional actions and OTELO initiatives appeared at times clear-cut and rather fundamental, as “a difference between serving communal and personal needs respectively” (Törning 2018). The topic of developing open spaces to promote one’s own interests was considered to be independent from political institutions.

How did OTELO manage to entrench its field of action? A basic reason of this has been that “the organization is not dependent on the local government” (Törning 2018), but rather it raises money “through events, membership fee, sponsorship from companies or other associations give money because they think that a good thing is happening” (Törning 2018). The funding autonomy is one of the basic principles of OTELO and is in line with a commercial pragmatism which implies that if it does not work financially, it does not work socially (Jenn 2016). It might be objected that this leads to a commercialization process which is developed against the social mission goals (Weisbrod 1998), by pulling those organizations away from their original balance between social and commercial success (Dennis and Choony 2015). Nonetheless, the success of OTELO initiatives is that they have managed to balance between the two missions.

However, there have been cases where OTELO initiatives depended on the politics and public funding. Instead of solving financial problems, this dependence generated more financing problems (Korfer 2018). Even more importantly, it came with a loss of respect from and enhanced mismatches and conflicts with the institutional stakeholders. Indicatively, when this autonomy was somehow violated, institutional agents became overcritical about OTELOs’ “dependence on public funding” and their “loss of impulse for innovation” (Dies 2018). Even in this case though, OTELO actions did not lose their broader appeal and were described by institutional agents rather eloquently as “a moment of happiness that certain things come together” (Dies 2018). Exceptions seemed to underline the importance of the embedded autonomy on the political arena and its role to institutional sustainability.

The bigger picture of this political predominance is illustrated through a broad acceptance of the fact that the public sector could not provide the services that OTELO provided (Korfer 2018; Törning 2018; Dies 2018). An inadequacy of the public sector seemed rather ad hoc, since there were no convincing arguments of why these open spaces could not be provided by mainstream political institutions. The explicit connection of innovative, open spaces to the social entrepreneurship of OTELO appeared as the political predominance of the new institutional logic that OTELO has introduced.

Furthermore, the independence of OTELO seems to have generated a positive feedback loop with the institutions, by implying an identification of the interests of the institutional stakeholders with the interests of OTELO. The bounded rationality criterion indicates that when actors realize that the consequences of alternatives are promoting their own self-interest, then change is possible (Peters 2012). The intense dynamics between actor’s preferences and institutions have been broadly emphasized (Pierson and Skocpol 2002). Although the notion of self-interest has been criticized for being constantly imputed to motivations, nonetheless, when the self-interest is identified with the alternative policy, then actors do tend to act strategically to promote change (Peters 2012). In the case of the Mühlviertel region, restricted by a time-consuming bureaucracy (Mai flavors 2018; Grubinger 2018), traditional institutions seem to have conveniently retreated from the field of action of OTELO. In other words, in the OTELO actions, political institutions might have not only found a complement but a fortiori an alibi of their absence. The autonomy of OTELO seemed as a pivotal factor for upgrading its role to the institutional framework, and by that achieving its institutional sustainability.

An Open Space Discourse

Arising out of the mainstream regional development process, the OTELO discourse has been closely interlinked with the regional development discourse, with terms such as community building, experimentation and innovation
characterizing both the traditional and the newborn agendas. Nonetheless, a further element that seems to have been introduced by the OTELO agenda, at least in its present density, is the notion of open spaces, or more broadly openness (Derma 2018; Monetz 2018). The influences of the OTELO terminology to the institutional discourse became apparent from the fact that the closer you got to the core of the OTELO initiatives, the more embedded the OTELO terminology became. The institutions of the LEADER regions of Mühlviertler Alm and Mühlviertler Kernland due to their geographical and historical intimacy to OTELO seem to have explicitly adopted a discourse of openness and open spaces. This territorial diversification is a further indication that it was the OTELO institutional logic that affected the broader institutional framework of Mühlviertel and not the opposite. Mühlviertler Alm seemed to have been the matrix where the terminology of open spaces gradually gained its present status. With one of the founders of the OTELO being a key actor to the regional development of the region (Derma 2018), the historical intimacy between Mühlviertler Alm and OTELO became immediately noticeably. Identifying the basics of the region as “openness, future thinking and acting, heart building, curiosity, bravery and optimism,” the interrelation of those basics to the organizational form was highlighted, since it has been these basics that “made projects like OTELO possible” (Griwern 2018).

This open space terminology was diffused through OTELO to the whole Mühlviertel region and has been grounded for years on the municipal level, with former mayors perceiving of innovation as exactly those “open spaces that allow people to try things” (Korbe 2018). In cases, not only the discourse but also the idea of open spaces has been adopted in the municipal level (Korbe 2018), by facilitating public open spaces. The fact that there have been public, municipal open spaces confirms for once more the ad hoc predominance of social entrepreneurship in the field. The lack of open spaces was now commonly conceived as a major deficiency (Torning 2018), reflected also to the fact that managers of LAGs were often the key actors in establishing OTELOs across the region.

The critical role of OTELO in diffusing and enhancing the open space terminology became apparent when moving away from the established open environment of Mühlviertler Alm. The open space discourse was used in other municipalities to describe organizations, such as Youth Culture Centers (Grubinger 2018). Additionally, the open space ethic has been considered important for the population, in terms of participation and facilitation of ideas that was done neither by the business nor by the public sector (Grubinger 2018). Moving even to the higher political level of NUTS3, where there was an adequate distance of the institutions from the local open spaces, institutional members often referred to open spaces and their future important role (Wernberg 2018) as meeting, non-consuming places, where people just meet or do workshops (Grubinger 2018). The open spaces discourse seemed to have been gradually embedded to the mainstream political institutions, rendering the new terminology a common perception across the regional framework. This discourse hegemony has eventually managed to further soften potential political collisions by establishing this common perception.

Conclusion

By reducing their complexity through hierarchical structures, mainstream enterprises become detached from their environment and hence trigger a predisposition to unsustainability. Social enterprises, by disputing the hierarchical structure, can regain the embeddedness to the environment and hence the capacity for sustainability. Theoretical and empirical evidence indicates that this process has at the same time organizational micro-foundations and a macrosociological perspective. Thus, by combining elements from systems theory and new institutionalism, the article provided an integrated theoretical framework for investigating both micro- and macro dimensions, respectively. The analysis built on the institutional entrepreneurship literature, in order to illustrate the threefold process through which a system of social enterprise, becomes embedded to the institutional framework and disputes the mainstream institutional logics.

The research case of OTELO social enterprise and its institutional framework of Mühlviertel illuminated the dynamics and potentialities of this process. In terms of legitimacy, the OTELO institutional logic came to fill the void that the discredited LEADER processes left behind, in terms of participatory, innovative, regional development. This substitution introduced the new organizational form to the political arena, with OTELO having successfully entrenched its own socio-political field of action. This political predominance seemed to be the outcome of the financial and political autonomy of OTELO, enhanced by a retreat of the traditional political institutions from the field action of OTELO. Eventually, the institutional embeddedness was reflected to the dissemination of the OTELO terminology, with references to open spaces penetrating the Mühlviertel institutional framework.

This threefold process of institutionalization led to the diffusion and the embeddedness of the new institutional logic of OTELO. Thus, OTELO presented a system of enhanced embeddedness to the institutional environment and an implied institutional sustainability. At the same
time, by introducing the new institutional logic to the mainstream institutions it disputed the closed institutional structure itself. Whether this process can merely generate a methodological tool to interpret the institutionalization of social enterprises or a potential plan for social enterprises to achieve institutional sustainability remains in question. In the end, social enterprises themselves might be the only eligible to answer this question.

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