

Social Enterprise as Open Polities - an Examination of Social Enterprise Strategies in Close Interaction with Constrained Environments, with a Focus on the Falkland Islands

Broad research area

Strategy/Entrepreneurship/International Business

Purpose of the paper

Past studies observe social enterprises as businesses that operate beyond a focus on just profit and move towards more socially orientated goals (Bersin, 2018). Social enterprises, like all businesses, are influenced and shaped by the institutional environments in which they operate (Pache & Santos, 2013). Social enterprises often function in remote and constrained environments - where locations are restricted by an element out of their control (Chadwick & Raver, 2013). The literature regarding institutional theory is lacking when considering how social enterprise strategies are formed in these environments (McPherson & Sauder, 2013). However, with the focus on how organisational elements adapt to institutional pressures and a similar focus on how strategies are enacted in real life, open polity and strategy in practice literatures respectively, promise to shed light on these unexplored research areas in social enterprise strategy formulation. Thus, anchored in open polity and strategy in practice literature, I propose to explore the following research objective: To critically explore how social enterprise strategies are formulated in close association with their external environment in complex and constrained institutional environments.

Theoretical background

Crilly, Zollo and Hansen (2012) believe that many social enterprise strategy theories overlook the complex relationship between the external environment and the internal organisation. While the theoretical understanding of hybrid organisations is still emerging through research, the effects of institutions on these organisations can be understood in terms of the institutional theory (Pache & Santos, 2013). The literature regarding institutional theory emphasises the important role played by organisational factors, but organisations in constrained environments may not have access to the same organisational elements which will alter their availability to respond to institutional pressures (Chadwick & Raver, 2013). The overall research on the institutional pressures on social enterprises in remote geographical locations is scattered and underdeveloped (Steiner & Teasdale, 2019). These gaps that are present in the institutional theory when regarding social enterprises have begun to be bridged by two different literature streams; open polity theory and strategy in practice theory.

Waeger and Weber (2019) propose the open polities theory to understand the historical institutional impacts on social enterprise strategy formulation in the institutional theory literature. They define organisations as political entities that interact with their external environment, and reinforce the importance of considering historically imprinted political features of organisations when regarding their responses to institutional complexity (ibid.). The overarching insight is that the way in which organisations interpret and respond to new institutional logics depends not only on the contemporary institutional environments and the external pressures, but also on the political environment that exists inside organisational polities (ibid.). Whilst this theory bridges the gap between existing institutional and neo-institutional understandings of social enterprises, it neglects to thoroughly consider the actual strategy in practice used by social enterprises.

The strategy in practice scholars reinforce the focus on people and their activities rather than on organisations and their abstract macro-processes (Whittington, 2002). Chia and MacKay (2017) propose that internal practices and the transmitted regularities associated with them form the most

interesting focus. Thus, by focusing on historical organisational elements that enable organisational responses to changing institutional logics and by examining how complex institutional environments influence the unconscious formulation of strategies, these studies provide two new streams of literature to bridge the gaps presented by the traditional institutional perspectives in understanding social enterprise strategy formulation. However, there is a distinct opportunity for more research to be undertaken in this topic with a multi-theory perspective that incorporates both these literature streams. Especially with social enterprises that operate in remote, complex and constrained environments; such as in the Falkland Islands, I have the opportunity to explore and theorise how social enterprise strategies in practice are unconsciously formulated by their institutional environments, and how their historical organizational elements strive to adapt to the changing institutional logics.

### Methodology

I will focus on maintaining an inductive approach with a qualitative multiple case study design. This design will enable me to identify the underlying themes of this topic and truly understand the phenomena (Zach, 2006). This is important as case studies allow the real-world context of social enterprise strategies to be examined in a case-by-case basis (Eisenhardt & Graebner, 2007). I will undertake this research by focusing on social enterprises within the Falkland Islands and investigate their strategies, and how this has been affected by the constrained environment.

### Anticipated findings

This research will help to fill the existing research gaps in institutional complexity theories through a grounded investigation of social enterprise strategy contingent on socio-cultural historical factors in close relation to their constrained environments. This will add to and potentially amend existing understandings provided by the relatively new open polities theory, and allow a deeper understanding to be gained on how the boundaries between enterprises of specific hybrid logics and constrained and dynamic institutional complexities are formed. This study will add to the open polity scholarship and help us understand how social enterprises are affected by institutions in constrained environments. This will enable a clear understanding to be presented about the strategy in practice for these organisations, which will expand on this literature stream. This theoretical contribution will provide a basis for knowledge on social enterprises in these environments, and how they are shaped by the institutions present there.

### Potential contribution

Smith and McColl (2016) found that the varying ways in which institutions in different environments shape social enterprises means that the generalisation evident in policies will be unable to meet the needs of rural social enterprises. Further research, like the one proposed here, will enable more specific policies to be developed that better suit the needs of these social enterprises. Steiner and Teasdale (2019) further found that the policy treatment of social enterprises must move from a scale up approach towards achieving an economy of scale instead. They suggest that many challenges in remote areas can be combatted through supporting social enterprises in their production of services, rather than by just encouraging the creation of new enterprises (ibid.).

### 3-5 key words

Social Enterprise, Open-Polity Theory, Institutional Complexity.

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