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LEGITIMATION STRATEGIES OF NASCENT SOCIAL VENTURES: A TEXTUAL ANALYSIS OF INCORPORATION DOCUMENTS OF COMMUNITY INTEREST COMPANIES (SUMMARY)

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≈ SUMMARY ≈

**LEGITIMATION STRATEGIES OF NASCENT SOCIAL VENTURES:
A TEXTUAL ANALYSIS OF INCORPORATION DOCUMENTS
OF COMMUNITY INTEREST COMPANIES**

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Principal Topic

In spite of extant research efforts, the lack of a separate legal form hitherto has been cited as a major methodological hindrance to study social enterprises. This situation is assuaged to an extent by the introduction of new legal entities such as the Benefit Corporation, Low-profit Limited Liability Company and Community Interest Company (CIC). We investigate the legitimization strategies adopted by CICs from the UK using Suchman's typology on organizational legitimacy. We explicate the microstructures of legitimization strategies of nascent social ventures and study their effects on organizational survival.

Method

Our sample consisted of more than three hundred CICs in operation for a minimum of three years. From the description of activities and projected benefits made in the incorporation documents, we coded for the three types of legitimacy namely, Pragmatic, Moral and Cognitive. The coded text was organized with the help of text analysis software into different categories of legitimization. From this text we also generated an inductive wordlist of high frequency terms and tested the difference in word usage across the sub-types of CICs.

Results and Implications

Our analyses show that firms that survived and were ranked higher for their social impact tend to underscore legitimization claims specific to exchange legitimacy and comprehensibility more than others. We find that CICs that perform well on both social impact and financial terms subscribe to variety of legitimization strategies from inception. We add to the theory on organizational legitimacy through our empirical examination of Suchman's legitimacy typologies. Practitioners can benefit through the increased understanding effectiveness of different legitimization strategies right from inception.

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