Balancing Legitimacy in a Context of Nonprofit-Business Hybridity: The Case of the Flemish Wellbeing and Social Economy Sector

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Abstract Nonprofit organizations (NPOs) hybridizing toward the market domain by adopting business practices has sparked an ever-growing debate. There is research showing a rather positive effect on organizational legitimacy. However, considering the literature discussing other performance dimensions (e.g., social effectiveness), this trend is argued to erode the prosocial underpinnings of NPOs, increasingly leaving their stakeholders wondering what distinguishes them from business enterprises. When examining these previous studies, most research only focuses on one dimension of organizational legitimacy and/or one type of stakeholder. In this study, we aim to provide a more fine-grained picture of how nonprofit-business hybridity impacts nonprofit legitimacy by adopting (a) a multi-dimensional understanding of legitimacy and (b) a multi-stakeholder perspective. We draw on survey data from Flemish NPOs to sample two matched pairs of opposite cases, i.e., a 'low' and 'high' hybridized NPO for qualitative examination. Our findings suggest that nonprofit-business hybridity is significantly detrimental for stakeholders who are closely involved, and beneficial in the eyes of stakeholders who are more distant from the organization.

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Introduction

This paper focuses on a key issue in the nonprofit management field: nonprofit-business hybridity. Most researchers seem to agree that nonprofit organizations (NPOs) gradually become more hybrid by adopting practices from the business world (Billis 2010; Hwang and Powell 2009; Skelcher and Smith 2015; Smith 2014; Suykens et al. 2019b). In this context, 'hybrid' refers to NPOs combining features of both ideal-typical nonprofit and for-profit organizations. Maier et al. (2016) and Dart (2004a) provide an elaborate overview of all possible manifestations of nonprofit-business hybridity: these organizations increasingly operate on competitive markets, their income is partly derived from the profitable selling of goods and services, and they intensively make use of management instruments and performance measurement. Although we have a clear understanding of the different forms and causes of nonprofit-business hybridity, our knowledge concerning the effects is limited, especially with respect to organizational legitimacy (Maier et al. 2016).

In this paper, we focus on organizational legitimacy for three reasons. First, research looking into the relationship between nonprofit-business hybridity and organizational legitimacy is still scarce (Kistruck and Beamish 2010; Kuosmanen 2014). More research is necessary because organizational legitimacy is one of the most important organizational attributes, as it ultimately determines the relevance, resource acquisition and long-term survival of

these organizations (DiMaggio and Powell 1983; Dowling and Pfeffer 1975; Salamon 1999; Singh et al. 1986). Second, previous research results are ambiguous. Although the limited available research shows a positive effect on organizational legitimacy (Dart 2004b; Maier et al. 2016; Meyer et al. 2013), the literature discussing other performance dimensions (e.g., social effectiveness) reports predominantly negative findings for most stakeholders. To date, there have not been empirical efforts to investigate whether these findings translate into certain positive or negative legitimacy perceptions. Third, and related to the previous argument, is the lack of a more encompassing conceptual framework for looking at the impact of nonprofit-business hybridity on organizational legitimacy (Fyrberg Yngfalk and Yngfalk 2019; Young 2002). In empirical research, legitimacy is often limited to one dimension (Scott 2014). Moreover, most scholars conceptualize legitimacy as a property the organization has or does not have. Said differently, an organization is either legitimate or illegitimate. However, according to contemporary legitimacy research, scholars should take other perspectives into account as well (Suddaby et al. 2017).

In our research, we address these limitations by including more than one dimension of organizational legitimacy. Moreover, instead of looking at legitimacy as a property, we look at legitimacy as a perception. This allows us to have a look at the judgments and evaluations of different types of stakeholders (Herlin 2013), including internal stakeholders whom are often not included (Ruef and Scott 1998). This approach offers new insights because it sheds light on the microfoundations of nonprofit management (Bitektine and Haack 2015), i.e., how do different stakeholders accord legitimacy to a nonprofit organization, and how do nonprofit managers manage these perceptions in order to ensure legitimacy? Considering the law of nonprofit complexity (Anheier 2000), each type of stakeholder will have different interests and different legitimacy dimensions which they deem important (Bundy and Pfarrer 2014; Deephouse 1996). Starting from the trust theory of Hansmann (1980), it is theorized that the legitimacy of ideal–typical NPOs is taken for granted by all stakeholders (i.e., non-distribution constraint and social bottom line). However, within a changed context of nonprofit-business hybridity and different stakeholders and interests (Salamon 1993), we do not know whether this theorized trust advantage still applies (Gray et al. 2015), implying that legitimacy is not something static (Deephouse et al. 2017). This study ties in with these debates, and asks:

> Does nonprofit-business hybridity impact organizational legitimacy? If so, in what way and according to which type of stakeholder?

In order to answer these questions, this study presents arguments based on data drawn from 41 interviews with 4 NPOs in Flanders, the northern region of Belgium. A typical example of a neo-corporatist welfare regime (Verschuere et al. 2014), Flanders has a nonprofit context that is characterized by a less outspoken introduction of business practices in comparison to the Anglo-Saxon region (Pauly et al. 2020; Suykens et al. 2020a, b). However, in recent years, policy discourses have increasingly stressed the importance of entrepreneurial strategies for NPOs (Benoot et al. 2018; Bourgeois and Gatz 2017; Pauly et al. 2018). Therefore, Flanders constitutes an interesting case not only to study to what extent this rhetoric changes organizational behavior, but also how this affects organizational legitimacy. In the remainder of this paper, we explain the key concepts, review effects of nonprofit-business hybridity on different organizational stakeholders and explain our method. We conclude by discussing the main research findings, and the implications for nonprofit management research and practice.

Conceptual Overview

Both organizational legitimacy and nonprofit-business hybridity are arguably catch-all terms that warrant more elaborate explanation (Egholm et al. 2020; Maier et al. 2016). In essence, nonprofit-business hybridity can materialize in different forms (e.g., infusion of corporate management tools, adoption of business modeling), on different levels (e.g., inter- and intra-organizational) and to different extents [e.g., arguably more in liberal welfare regimes than neo-corporatist welfare regimes (Bode 2011; Suykens et al. 2020a)]. Given the organizational focus of our study, we concentrate on arguably the two main forms at the organizational level, i.e., the presence of (a) commercial income ('commercialization') and (b) corporate management tools and performance measurement ('managerialization') (Suykens et al. 2019b, 2020a). Commercialization revolves around the generation of revenue from sales of goods and/or services that are typically aiming to generate a financial surplus (Child 2010; Guo 2006; Suykens et al. 2019a; Suykens et al. 2020a, b; Toepler 2006). Research focuses on a change through time in the ratio of commercial income to total revenues (Kerlin and Pollak 2011; McKay et al. 2015) and whether commercial activities are mission-related or not (Weisbrod 1998). Managerialization can be conceptualized as the intense, and systematic use of management instruments typically associated with the business world (e.g., key performance indicators) and frequent measurement of organizational outputs and outcomes (Hvenmark 2016; Maier and Meyer 2011; Meyer et al. 2013).

The concept of organizational legitimacy is characterized by its many definitions up till now, each linked with a specific research tradition (Bitektine 2011; Egholm et al. 2020; Suddaby et al. 2017), and most predominantly so with institutional theory (e.g., organizations conforming to social norms, laws and values inherent to the environment (Rowan and Meyer 1977)). However, current literature also stresses the importance of agency and strategic behavior by both the organization being evaluated and the stakeholders who evaluate. Organizational legitimacy is most clearly defined by Díez-de-Castro et al. (2018, p. 6) as: "a generalized judgment, issued by stakeholders, that are guided by different dimensions or criteria and, based on them, assume that the actions of an organization are correct, fair and appropriate, approving the role it plays in society and the convenience of its maintenance." This definition stresses the importance of different dimensions of organizational legitimacy. There are dozens mentioned in the literature, all based on different typologies (Cannon 2020; Scott 2014). However, for the purpose of this paper, we have made a selection of the three most theoretically developed dimensions in the nonprofit context: i.e., pragmatic, sociopolitical and cultural-cognitive legitimacy. Moreover, most other dimensions can be retraced to these three (Deephouse et al. 2017). Pragmatic legitimacy (Ahlstrom and Bruton 2001; Suchman 1995; Treviño et al. 2014) is determined by the self-interested calculations of stakeholders. It is about what stakeholders get in return for their relationship with the organization (e.g., good working conditions for employees and high-quality services for clients) and whether they can exert influence (Bicho et al. 2018). Second, sociopolitical legitimacy is a very broad dimension that includes both sociopolitical regulatory and sociopolitical normative legitimacy (Zimmerman and Zeitz 2002). It is about the norms and values that are considered important in society (Deephouse and Suchman 2008; Suchman 1995; Tost 2011) as well as the laws and regulations of governments, and other authorities that are applicable to organizations (Scott 1995; Tost 2011). This form of legitimacy is accounted when stakeholders perceive the organization to function in line with what they perceive as the norm for 'nonprofit functioning' (Dart 2004b). Last, cultural-cognitive legitimacy constitutes the most 'fundamental' form of legitimacy (Aldrich and Fiol 1994; Suchman 1995; Treviño et al. 2014). Essentially, an organization can achieve cultural-cognitive legitimacy when it becomes an undeniable part of its environment, or a reference for its institutional field (Scott 2014)—think for instance of Google or Coca-Cola. Dart (2004b) noticed that it is hard for an NPO to reach such an abstract form of legitimacy, although there may be exceptions of organizations that are the (international) standard in their field, think of the Red Cross for example. We therefore exclude

cultural-cognitive legitimacy from further empirical analysis. Moreover, the way we have operationalized sociopolitical and pragmatic legitimacy, can eventually be traced back to the two legitimacy challenges organizations face, respectively, value and performance challenges (Hirsch and Andrews 1984). In conclusion, understanding both nonprofit-business hybridity (Dart 2004a) and organizational legitimacy (Ruef and Scott 1998; Vergne 2011) as multilevel constructs allows us to paint a more fine-grained picture as to how different stakeholders can evaluate their relationship with NPOs (Hargreaves 2004; Leardini et al. 2019; Willner 2019).

(Dis)advantageous for Whom? The Effects of Nonprofit-Business Hybridity on Organizational Legitimacy

As argued above, nonprofits are characterized by a diverse group of internal and external stakeholders: employees, volunteers, service beneficiaries, umbrella organizations, governments and donors. According to the law of nonprofit complexity (Anheier 2000), these stakeholders have different interests, which could possibly lead to a different impact of nonprofit-business hybridity on different dimensions of organizational legitimacy as perceived by different stakeholders, i.e., legitimacy as a perception (Suddaby et al. 2017). Although the scarce research (Kistruck and Beamish 2010; Kuosmanen 2014) concerning the effect of nonprofit-business hybridity on organizational legitimacy suggests a rather positive effect (Dart 2004b; Maier et al. 2016; Padanyi and Gainer 2004), most of these studies do not include how stakeholders perceive nonprofit's legitimacy (Willner 2019). Therefore, per type of stakeholder, we review the effects of nonprofit-business hybridity on different performance dimensions (e.g., social effectiveness and transparency), and eventually associate these results with the concept and dimensions of organizational legitimacy.

Staff and Volunteers

There is evidence of negative effects when it comes to paid staff members (Lee et al. 2018). In essence, the extensive use of corporate management tools and performance measurement induces the expectation that nonprofit professionals do more within less time, thereby pressuring both the work-life balance of said professionals (Dempsey and Sanders 2010) and the quality of the services provided (Henderson et al. 2018). Moreover, several studies point out that these managerial practices give nonprofit professionals less voice in organizational decision-making processes (Baines et al. 2014, 2011). In turn, all these effects

can contribute to a loss of motivation (Henderson et al. 2018; O'Reilly 2011), and more fundamentally, policy alienation (Tummers et al. 2009). This image seems to spill over to volunteers active in hybrid NPOs. The use of standardized and business-like management instruments within NPOs, holds the risk to disempower (Merz 2012) and demotivate volunteers (Kreutzer and Jäger 2010). Moreover, when outcomes, efficiency, accountability and performance measurement become more important for NPOs, collective style volunteers (i.e., volunteers that have strong feelings about belonging to a group) feel more alienated (Vantilborgh et al. 2011). Examining voluntary sport organizations in Norway, Enjolras (2002b) found that commercial income generation crowded out participation of non-employed volunteers, thereby also eroding the democratic quality of these organizations. Contrasting with these detrimental effects, commercial income can produce positive effects for paid staff members, as executives of nonprofit service providers feel that they are better able to attract and retain staff (Guo 2006). Apart from the positive association between commercial income and professional capacity, nonprofit-business hybridity is generally found to be 'bad news' for nonprofit personnel. To conclude, nonprofit-business hybridity seems to have a negative impact on both pragmatic (e.g., pressuring the work-life balance) and sociopolitical legitimacy (e.g., policy alienation), as perceived by staff and volunteers.

Service Beneficiaries

In a similar vein, the effects with regard to service beneficiaries are mainly argued to be detrimental, the most cited being mission drift (Gallet 2016) and cherry picking (Khieng and Dahles 2015; Treleaven and Sykes 2005). For instance, De Waele and Hustinx (2015) found that nonprofit professionals employed in a Flemish social grocery store favored a business logic over a social logic, resulting in more learning opportunities for 'stronger' client-employees in comparison to their 'weaker' counterparts. In a similar vein, it is argued that fee charging is likely to shift the focus from those in need to those who can afford (Manzi and Morrison 2018; Salamon 1993). Moreover, NPOs focusing on the use of business-like management instruments, and the generation of commercial income risk to have less attention for their advocacy and community building roles (Bailis et al. 2009; Eikenberry and Kluver 2004). In conclusion, also service beneficiaries their pragmatic (e.g., cherry picking) and sociopolitical legitimacy (e.g., mission drift) perceptions seem to be negatively impacted by nonprofit-business hybridity.

Government(s), Umbrella Organizations and Donors

In contrast to the nonprofit employees, volunteers and service beneficiaries, the literature is more positive regarding the effects of nonprofit-business hybridity for a range of external stakeholders. Government and political actors stimulate (Eikenberry and Kluver 2004; Martens 2006), sometimes even enforce, the use of business-like management instruments (e.g., key performance indicators) and performance measurement (e.g., efficiency), because of several expected positive effects: e.g., cost savings related to public subsidies (Meyer et al. 2013) and power gains due to more (quantitative) performance data available to government (Keevers et al. 2012). Moreover, hybrid NPOs fit well with the societal preference of business-based approaches and solutions (Dart 2004b; Topal 2008). In a similar vein, Perkins and Poole (1996) found that professional associations prefer member organizations adopting business-like management instruments, because they are regarded as exemplary for the sector and thus give the professional association a more legitimate outlook. Delving deeper into the effects of commercialization, Enjolras (2002a) found that voluntary sport associations choosing to commercialize, attract more public support and resources from government and donors because it is regarded as a good '(social) return on investment'. Last, Andersson and Self (2015) showed that a social entrepreneurship advantage exists whereby NPOs presenting themselves as social enterprises were perceived as more effective by potential donors, which in turn increased the likelihood of receiving donations. This could explain why NPOs apply the strategy of 'tactical mimicry' (Dey and Teasdale 2015), i.e., consciously pretending to be a social enterprise to reap the social entrepreneurship advantage vis-à-vis resource holders, while maintaining a business-as-usual approach within the organization to avoid negative consequences for staff and volunteers (see supra). Hence, in contrast to the stakeholders more proximate to the organization, there seems to be a positive effect on pragmatic (e.g., cost savings) and sociopolitical legitimacy (e.g., societal preference of business-based approaches and solutions) from the viewpoint of governments, umbrella organizations and donors.

An Equivocal Picture?

In sum, the literature review paints an equivocal picture: nonprofit-business hybridity can produce both positive and negative effects depending on the type of stakeholder and/ or the form of nonprofit-business hybridity. This observation, in turn, questions the basic premise of the trust theory, i.e., the assumption that most stakeholders consider NPOs

legitimate (Hansmann 1980). Thus in our research, looking from the perspective of legitimacy as a perception, we want to find out which legitimacy issues are relevant for different types of stakeholders, and whether these are connected to the findings we reviewed above. If this claim is valid, nonprofit-business hybridity may strengthen nonprofit legitimacy for some stakeholders, while weakening it in the eyes of others, thereby leading to legitimacy paradoxes (Balanoff 2013; Granados and Rosli 2020).

Method

Given the difficult-to-grasp nature of 'organizational legitimacy' and 'nonprofit-business hybridity', a qualitative approach is arguably most appropriate (Stake 2005). We sampled two matched pairs, i.e., one high-, one low hybridized NPO active in the work integration and human wellbeing sector (Yin 2009). In line with a 'most similar systems design' (MSSD), the selected NPOs were similar in terms of environmental (i.e., sector) and organizational characteristics (i.e., age and capacity), and dissimilar in terms of the extent to which they employed business practices (Byrne and Ragin 2009). This allows us to examine whether nonprofit-business hybridity holds explanatory power with regard to the variation to which different stakeholders, according to different dimensions, perceive the selected NPOs as 'legitimate'. Below, we describe in detail the case selection and how we have collected and analyzed our data.

Case Selection

Looking from an international perspective, Flanders is characterized by both a large nonprofit sector and a high level of government social spending (Salamon and Anheier 1998). Moreover, within a neo-corporatist context, both the nonprofit sector and government are strongly intertwined and working together for the delivery of social services, predominantly delivered by nonprofits and subsidized by the government. In general, the level of nonprofit-business hybridity is rather moderate in comparison with Anglo-Saxon countries (Suykens et al. 2020a). Thus, this specific Flemish context is an interesting setting to examine nonprofit-business hybridity because we can empirically contribute to an Anglo-Saxon dominated literature, and we avoid potential bias of 'extreme' effects produced under the influence of 'very business-like' cases.

The social economy and human wellbeing sector are two out of three sectors that are active at the Flemish regional level. The sociocultural sector is not included in our research design. The social economy consists of work integration social enterprises (WISEs), and the sector par excellence which is characterized by a high degree of nonprofit-business

hybridity (Pauly et al. 2018), as these organizations engage in market activities to provide vocational training and work for disadvantaged people. WISEs historically originated from the wellbeing sector, providing care and activities to people with disabilities and individuals struggling with various psychosocial issues and labor-related disadvantages (e.g., low or no education and being long-term unemployed). Over time, this sector became increasingly institutionalized within the labor market policies of the Flemish government, thereby increasingly hybridizing toward the market domain (Gijselinckx 2010). By contrast, the human wellbeing sector is only to a small extent exhibiting business-like characteristics (Suykens et al. 2020a). This sector is more diverse than the work integration sector and includes care initiatives for minors, people with a disability and underprivileged people (Verschuere and Hermans 2016). We have selected two NPOs in both sectors in accordance to their level of nonprofit-business hybridity, by making use of a recent survey database (N = 496) of Flemish NPOs (see Pauly et al. 2020; Suykens et al. 2020b). Below, we briefly describe the selected cases in the wellbeing (Table 1) and work integration sector (Table 2). A more elaborate case description is included in Appendix ("Appendix 1").

The two forms of nonprofit-business hybridity discussed above, have been used to measure the level of hybridity. Commercialization was measured by the ratio of commercial income (i.e., profitable sale of nonprofit services and goods) in relation to the total income. Managerialism was measured as a standardized composite index (i.e., ranging from zero to one) by looking at the frequency of both management tool use on a 5-point Likert scale (e.g., SWOT, SMART, lean management, benchmarking, pay for performance, quality indicators and key performance indicators) and engagement in performance measurement on a 4-point Likert scale (different dimensions of performance, i.e., accessibility, efficiency, effectiveness, legitimacy, quality and transparency). Moreover, two organizational characteristics have also been included in our MSSD-design. Organizational age was measured by the years after the organization's establishment and capacity by the total number of paid employees. The boxplots below give a graphical representation of the case variations for the different variables, relative to the sector medians in both the wellbeing[1] (Fig. 1) and work integration sector (Fig. 2). The table in Appendix also gives an overview

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[1] Despite our intention to select two human wellbeing organizations that are similar in their capacity, it was not possible to meet this condition because (1) a large variation in managerialism and commercialization is strongly associated with a large variation in capacity and (2) several organizations that had been selected at first, did not wish to participate. Nonetheless this shortcoming, it is clear that these two organizations are similar in sector and age and dissimilar in their degree of commercialization and managerialism.

Table 1 Case description human wellbeing sector

Name	WELLBEING-HIGH	WELLBEING-LOW
Sector	Residential and outpatient care for minor girls dealing with psychological problems	Residential and outpatient care for people with mental and physical disabilities
Age	38 years	43 years
Capacity/paid employees	68 paid employees	29 paid employees
Main goal	Providing shelter and temporary yet lingering support to adolescent girls during a difficult period in life	Organizing various forms of housing and daytime activities and support in all areas of life such as relationships and leisure
Extent of commercial income	4% of total revenues	0% of total revenues
Extent of managerial practice	Index value 0.68	Index value 0.39

Table 2 Case description work integration sector

Name	WISE-HIGH	WISE-LOW
Sector	Reuse center active in the second-hand sale of goods within the social economy	Active in green maintenance, cleaning and logistics within the social economy
Age	26 years	20 years
Capacity/paid employees[a]	89 paid employees	59 paid employees
Main goal	Striving for the development and employment of low-skilled, long-term unemployed and people with a disability in a sustainable and social entrepreneurial way	Offering a qualitative and sustainable employment for client-employees. They are given the opportunity to work according to their own capabilities and to develop themselves
Extent of commercial income	60% of total revenues	45% of total revenues
Extent of managerial practice	Index value 0.78	Index value 0.45

[a] Within the social economy, paid client-employees are also included in the capacity number

of each organization's values for the different variables ("Appendix 2").

Case Studies: Data Collection and Analysis

We used three different methods of data collection. First, the original survey database, consisting of 136 questions, was used to compose a comprehensive overview of the sampled NPOs (insight on for example turnover rate, volunteer engagement and government interaction). These descriptive data were summarized in the format of an organization sheet (see "Appendix 3" for an example). Second, we conducted semi-structured interviews (see "Appendix 4" for the topic list) with an extensive number of internal and external stakeholders of all four organizations ($N = 41$), to gauge to what extent and in which sense

they perceive the organization as legitimate. As key organizational stakeholders, we included: employees, volunteers, clients, government, donors, umbrella organizations (i.e., an organization that represents and supports activities of member-NPOs), client-employees (i.e., disadvantaged individuals, who are recognized as both clients and paid workers in a WISE) and customers (i.e., individuals that buy goods and services that are, respectively, produced or executed by predominantly client-employees in a WISE) (see "Appendix 5" for a comprehensive list). The selection of interviewees was in cooperation with each organization's manager, via a face-to-face meeting with the manager beforehand to gain trust and to guarantee anonymity (Okumus et al. 2007). Third, we gathered relevant internal (e.g., annual reports, website) and external documents (e.g., external audits) that are explicitly linked to the
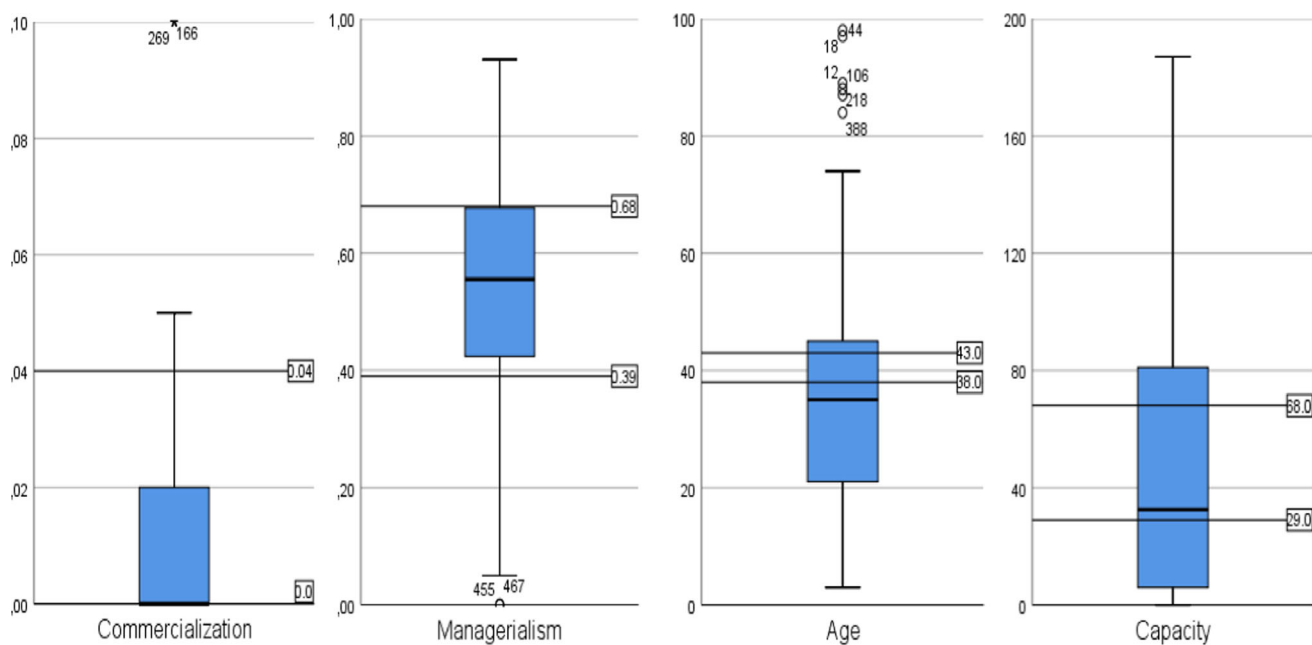
Fig. 1 Boxplots showing the degree of variation between two human wellbeing organizations
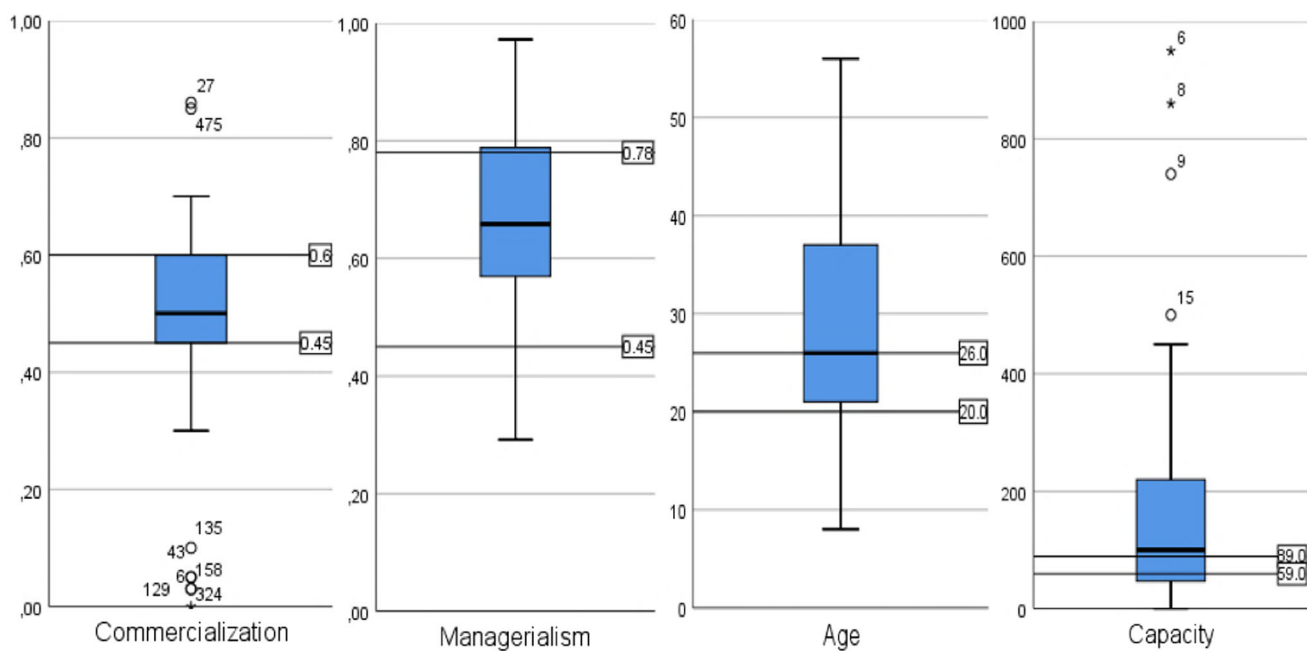

Fig. 2 Boxplots showing the degree of variation between two WISEs

organization ($N = 139$). These different forms of data were brought together in NVivo 12 to make a comprehensive analysis possible (Bazeley and Jackson 2013). The code tree is included in Appendix ("Appendix 6").

Findings

The tables below summarize the results of our multiple case study in the work integration (Table 3) and human wellbeing sector (Table 4). The horizontal axes correspond to (a) pragmatic and (b) sociopolitical organizational legitimacy as perceived by different stakeholders at a micro level of analysis. The vertical axes correspond to the selected organizations based on the degree of nonprofit-

Table 3 The relation between nonprofit-business hybridity and organizational legitimacy in the work integration sector

Nonprofit-business hybridity	Organizational legitimacy											
	Pragmatic legitimacy (5.1.1.)						Sociopolitical legitimacy (5.1.2.)					
	Employees	Volunteers	Client-employees	Customers	Government	Umbrella organization	Employees	Volunteers	Client-employees	Customers	Government	Umbrella organization
Work integration												
High degree WISE-HIGH	−	−	−	+	°	°	°	°	°	°	+	+
Low degree WISE-LOW	−	+	+	−	°	°	°	°	°	°	−	−

+ Evidence found suggesting a positive relation between nonprofit-business hybridity and legitimacy

− Evidence found suggesting a negative relation between nonprofit-business hybridity and legitimacy

° No evidence found suggesting a relation between nonprofit-business hybridity and legitimacy

Table 4 The relation between nonprofit-business hybridity and organizational legitimacy in the human wellbeing sector

Nonprofit-business hybridity	Organizational legitimacy											
	Pragmatic legitimacy (5.2.1.)						Sociopolitical legitimacy (5.2.2.)					
	Employees	Volunteers	Clients	Donor	Government	Umbrella organization	Employees	Volunteers	Clients	Donor	Government	Umbrella organization
Wellbeing												
High degree WELLBEING-HIGH	−	+	+	°	°	°	°	°	°	+	+	+
Low degree WELLBEING-LOW	+	+	+	+	°	°	°	°	°	°	−	−

+ Evidence found suggesting a positive relation between nonprofit-business hybridity and legitimacy

− Evidence found suggesting a negative relation between nonprofit-business hybridity and legitimacy

° No evidence found suggesting a relation between nonprofit-business hybridity and legitimacy

business hybridity, i.e., one high-, one low hybridized case in each sector. The different cells represent whether or not we have found evidence suggesting a positive/negative relation between the degree of nonprofit-business hybridity and legitimacy (pragmatic/sociopolitical) as perceived by different stakeholders. In the next paragraphs, we discuss the relationship between nonprofit-business hybridity and organizational legitimacy, as we observed it through the comparison of a high- and low-hybridizing organization in both sectors.

Work Integration Sector

Pragmatic Legitimacy

In the case of *WISE-HIGH*, we found that employees, volunteers and client-employees have a more negative perception of pragmatic legitimacy related to the adoption of business-like practices.

First, it is difficult for employees within middle management to acquire the necessary competences or recruit people who have competences (e.g., marketing) to draft and use business-like management instruments (e.g., yearly SWOT-analyses). Additionally, the workload and work demands have increased as employees have to experiment with the use of business practices (e.g., working together with a consultancy firm to explore the use of performance indicators), next to managing the daily operations (e.g., payroll). Moreover, process counseling of the client-employees has also become increasingly pressured due to the increased attention for generating commercial revenues. As the sale of goods and services has become more important, employees have been obliged to control the production output of client-employees more often in order to guarantee a stable cash flow.

In a similar vein, and second, volunteers complained that they are regularly asked to replace paid client-employees for the day in order to uphold production targets. The volunteers pointed out that this way of working does not correspond with the volunteer commitment they envisaged, i.e., empowering and supporting client-employees. Last, client-employees reported that the work pressure increased due to the organizational efforts to increase operational efficiency. Efficiency efforts included the expectation to produce 'more with less client-employees' and the introduction of automation (e.g., a sorting machine for second-hand clothing). In this regard, the manager noted that:

> I think that there are people which are less happy because they feel more pressured at work. If you have to do the work alone while previously you did it with two. manager—WISE-HIGH

Furthermore, the nonprofit manager indicated that this evolution crippled their ability to give as many chances to client-employees as they used to give 20 years ago and that production concerns occasionally led them to make a distinction between 'better' and 'weaker' performing client-employees.

On a more positive note, commercial revenues and business-like management instruments were argued to contribute to a more customer-oriented organization. The customers stated that both the quality and quantity of the goods and services have improved over the years. They even reported that the organization starts looking like a shop, and that it becomes hard to tell whether the organization is a business enterprise or a nonprofit. The customer stated:

> The store has changed a lot in 20 years. They have started to work more professionally, with a greater eye for both quality and commercial pricing. As a weakly customer, I like it much better this way. customer—WISE-HIGH

In sum, only the customers of *WISE-HIGH* reported a positive relation between nonprofit-business hybridity and pragmatic legitimacy, in contrast with its employees, volunteers and client-employees.

WISE-LOW shows a mirror image of *WISE-HIGH* concerning the perception of pragmatic legitimacy by customers, volunteers and client-employees. First, this organization is not as flexible toward customers. Recently, the organization decided to work on a supply driven—instead of a market demand driven—manner. The focus is on what the organization and its client-employees can offer and not what the customer wants, thereby sometimes disappointing customers. In this regard, an employee noted that:

> My vision is that you should not and cannot jump for each customers and his or her specific expectations. employee—WISE-LOW

Unsurprisingly, both volunteers and client-employees attribute high pragmatic legitimacy to *WISE-LOW*. The volunteers felt empowered because they were not involved in the sales process, and their individual performance was not monitored. Similarly, client-employees did not feel pressured at work because *WISE-LOW* hardly invests in performance measurement and management instruments. Moreover, they recognized that commercial revenues are directly invested in their own wellbeing, and that this organization is less interested in increasing commercial revenues at their expense.

However, nuancing the shift from demand to supply driven functioning, the professionals indicated that they often had to finish the work of client-employees. As the

responsibility to meet production targets fell onto their shoulders only, they argued that there was a need for a more business-like approach to management (i.e., the introduction of performance measurement and a strategic business plan) to reduce the overall stress and chaos in the organization.

Sociopolitical Legitimacy

For *WISE-HIGH*, we found a positive relation between hybridity and sociopolitical legitimacy as perceived by the government and umbrella organization. The government considered this organization a role model for the sector in terms of their business-like approach to management (e.g., investing in employees with business competences). Moreover, a senior government official acknowledged that subsidies are likely to decrease in the future, but that *WISE-HIGH* will be able to deal with the possible consequences because they are 'properly' organized and structured, i.e., they have an extensive financial buffer of commercial revenues. This is illustrated by the following quote:

> Under the new legislation, one expects that subsidies will decrease rather than increase. However, this organization does not have to worry, as they lead by example and are committed to even further increase their commercial revenues. government—WISE-HIGH

The umbrella organization stated that *WISE-HIGH* is one of the most innovative players in the field (e.g., they work together with different business enterprises to increase commercial revenues). Moreover, the umbrella organization works closely together with *WISE-HIGH* because they believe that business-like practices are now part of the nonprofit sector (e.g., looking together for strategies to attract more business-like board members).

Again, these results mirror what we have found for *WISE-LOW,* whose sociopolitical legitimacy was questioned by the government and umbrella organization. The government official indicated that *WISE-LOW* does not stand out in the sector and is even worried about the long-term survival of the organization because they lack strategic planning and refuse to increase their commercial revenues. The umbrella organization appreciated the fact that they work with 'weak' client-employees and that they look for innovative ways to support them (e.g., ergonomic instead of efficiency considerations). However, they are also worried that the limited commercial capacity and lack of business-like management competences and instruments might endanger the future of the organization.

Human Wellbeing Sector

Pragmatic Legitimacy

For *WELLBEING-HIGH*, we found a positive relation between nonprofit-business hybridity and pragmatic legitimacy as perceived by volunteers and clients. Clients noted that commercial income resulting from collaborations with business enterprises allowed the organization to set-up additional activities and care programs for them (e.g., culture and sport programs). In this regard, an employee noted that:

> Our commercial income is used for programs which are not imposed and subsidized by the government. We think these programs are needed and without this kind of commercial income, we cannot realize them. employee—WELLBEING-HIGH

This said, employees took a more critical stance regarding the use of business practices. Next to providing care for their clients, employees are involved with setting up commercial activities (e.g., making their infrastructure and expertise available for team buildings targeted at business enterprises) and the use of management instruments (e.g., EFQM). This has led to an increased workload that employees eventually experience as stressful and demotivating.

Underlining the detrimental effects perceived by the employees, the volunteers of *WELLBEING-HIGH* felt appreciated and motivated because they did not have to deal with commercial income schemes nor with SWOT-analyses in this hybrid organization, i.e., they are active within one specific section in the organization. However, they recognize the importance of these business-like practices for themselves (e.g., volunteers can use additional commercial revenues to better assist clients).

Compared to *WELLBEING-HIGH*, *WELLBEING-LOW* paints a similar picture, with the exception that in addition to the clients and volunteers, employees also accord pragmatic legitimacy to the organization. Employees felt appreciated, and their work package is only focused on the wellbeing of their clients. The nonprofit manager even stated that they did not want to burden the employees with business-like administrative procedures and measuring their performances or organizational outputs. Employees agreed and noted that people consciously apply for a job in this organization because of its straightforward focus on the wellbeing of their clients and the refusal of business-like practices. The interviewed employee stated:

> Behind business-oriented practices is a sense of mistrust and control. Fortunately, this is not an issue

in our organization, characterized by a family atmosphere. employee—WELLBEING-LOW

Clients echoed this sentiment. The refusal to engage in commercial venturing and to use business-like instruments (e.g., measuring performances) reassured these clients that they will be treated fairly within a family atmosphere and not as a number in a financial statement.

Last, volunteers felt empowered and welcomed by the organization. Moreover, *WELLBEING-LOW* has attention for vulnerable volunteers, whom they did not want to confront with outputs and commercial reasoning. The interviewed volunteer argued that the refusal of business-like practices is the reason why the organization attracts so many active volunteers.

Sociopolitical Legitimacy

The government, umbrella organization and donor considered *WELLBEING-HIGH* as sociopolitically legitimate. The government noted that the organization is a leading player in the sector (e.g., coordinating a learning network to stimulate business practices in the nonprofit sector). Moreover, the government aims to stimulate social entrepreneurship by working with more competitive forms of financing (e.g., project financing) instead of lump-sum financing. The organization has been using this type of financing for developing commercial activities and looking at certain business-like management practices (e.g., EFQM). The government official noted:

> The organization succeeds in creatively bringing nonprofit and for-profit together in an innovative partnership. government—WELLBEING-HIGH

Furthermore, the umbrella organization is also paying attention to nonprofit-business hybridity (e.g., an employee working around wellbeing-oriented social entrepreneurship). They supported *WELLBEING-HIGH* and agreed that—besides private donations and governmental subsidies—commercial activities can enable the set-up of additional activities for the target group.

Last, the donor of *WELLBEING-HIGH* indicated that the mixture of both business and nonprofit practices constituted an incentive to donate to this particular organization, as they felt that this was an innovative way to improve social service delivery (e.g., output indicators based on both qualitative and quantitative criteria). Moreover, the donor and government praised the organization because they think out-of-the-box (e.g., using their expertise to organize commercial team buildings about psychological wellbeing).

However, and contrary to *WELLBEING-HIGH*, the umbrella organization and government of *WELLBEING-*

LOW casted doubt regarding the organization's sociopolitical legitimacy. The government thinks that a more performance-oriented and long-term strategy could help the organization survive in a more competitive environment (e.g., complementing subsidies with commercial revenues). The nonprofit manager indicated that they strongly felt the expectation of the government to operate more like a social enterprise, i.e.,:

> We have been battered by governments with the idea that we have to be a social enterprise. I have to be honest, I do not feel drawn to that idea at all. manager—WELLBEING-LOW

In a similar vein, the umbrella organization tried to convince the organization to explore the possibilities associated with nonprofit-business hybridity (e.g., resource diversification through commercialization). Yet, *WELLBEING-LOW* did not attend meetings concerning issues that relate to business-like practices (e.g., marketing sessions).

Discussion and Conclusion

With this study, we contribute to the nonprofit-business hybridity debate by (a) our conceptualization of nonprofit-business hybridity and legitimacy (i.e., adoption of a multi-layered understanding) and (b) our empirical scope (i.e., examination of perceived legitimacy in a multi-stakeholder context). From this, two tentative take-home arguments emerge.

First, our research shows that within a context of nonprofit-business hybridity, nonprofits are confronted with a 'double-edged sword' logic: i.e., hybridity can be positively and negatively related to organizational legitimacy, depending on the kind of legitimacy and the type of stakeholder (cf. Balanoff 2013; Suykens et al. 2019b). On the one hand, nonprofit-business hybridity seems to relate negatively to pragmatic legitimacy as perceived by internal stakeholders who are closer to the organizational functioning, i.e., volunteers, client-employees and employees. On the other hand, nonprofit-business hybridity seems to relate positively to sociopolitical legitimacy as perceived by external stakeholders more distant from the day-to-day operations of NPOs, i.e., government and umbrella organizations. Hence, it appears to be difficult for hybrid NPOs to be perceived 'legitimate' by all stakeholders on all dimensions all the time. Moreover, our findings about pragmatic and sociopolitical legitimacy are associated with some of the earlier research about the effects of nonprofit-business hybridity on related performance dimensions (e.g., social effectiveness). Earlier studies corroborate our observation that nonprofit-business hybridity can

negatively impact pragmatic legitimacy for stakeholders close to the organization. It shows that the introduction of business-like practices in nonprofits can pressure professionals (e.g., O'Reilly 2011), volunteers (e.g., Kreutzer and Jäger 2010) and clients (e.g., De Waele and Hustinx 2015). In a similar vein, the mainly positive relation between hybridity and sociopolitical legitimacy echoes studies that show both governmental actors (e.g., Keevers et al. 2012) and umbrella organizations (e.g., Perkins and Poole 1996) stimulating NPOs to adopt business-like practices.

Second, our study shows that these findings are generalizable to a certain extent. Although comparative case studies are often criticized for their limited external validity, we believe that our research design overcomes these critiques by theoretically sampling high- and low-hybridized cases from different fields of activity, thereby allowing both intra- and inter-sectoral comparison. Intra-sectoral comparison shows that the effects on perceived legitimacy are largely mirror images of each other. In other words, there is a positive effect on sociopolitical and a negative effect on pragmatic legitimacy for the 'high' hybridized NPOs, while there is a negative effect on sociopolitical and a positive effect on pragmatic legitimacy for the 'low' hybridized NPOs. This compelling observation is corroborated by our inter-sectoral comparison, as there is a great variation between the wellbeing and work integration sector in the extent to which business knowledge, tools and practices are employed (Pauly et al. 2018).

These findings open avenues for future research. Often discussed from a new institutional approach—where legitimacy is viewed as an organizational resource that organizations can secure by complying with the dominant norms and rules of their organizational field (DiMaggio and Powell 2012)—we believe more attention is warranted to the agency of the nonprofit practitioners within these organizations (Powell and Rerup 2017). How do nonprofit practitioners deal with this catch-22 situation and make nonprofit-business hybridity 'work'? The literature suggests that nonprofit practitioners have a menu of strategic responses available that range from balancing different demands to openly refuting stakeholder expectations (Oliver 1991). Much empirical ground remains to be covered. For instance, which organizational responses are widespread vis-à-vis nonprofit-business hybridity (and which are not)? Small-N studies show that organizational decoupling—i.e., 'talking the talk without walking the walk' (for a fine-grained conceptualization, see: Bromley and Powell 2012)—holds promise as a means to balance pragmatic and sociopolitical legitimacy (see e.g., Åberg 2013; Arvidson and Lyon 2014; Dey and Teasdale 2015). If this is the case—we believe that more large-N studies are warranted to substantiate this point—the relevant question then becomes why some NPOs engage in strategic decoupling while others do not and to what extent the diffusion of strategic decoupling is driven by mimetic and normative isomorphism.

To conclude, our findings hold relevance for nonprofit practice. All nonprofit managers have to deal with different stakeholders and interests (Anheier 2000). However, within a context of nonprofit-business hybridity, nonprofit managers should be even more cautious because hybrid NPOs take the risk of giving up something important and valuable: organizational legitimacy as perceived by different stakeholders and eventually their long-term survival (Eikenberry and Kluver 2004). Nonprofit managers should therefore consider the advantages and disadvantages of nonprofit-business hybridity because these hybrid nonprofits are not always as legitimate as often theoretically assumed (Hansmann 1980; Maier et al. 2016). Put differently, nonprofit managers will constantly have to seek a balance in stakeholders' interests and perceptions.

Compliance with Ethical Standards

Conflict of interest The authors declare that they have no conflict of interest.

Appendix 1: Case Description

WISE-HIGH

This first organization was established in 1994 as a reuse center. The organization has grown over the years after a couple of mergers, and they provide work for 16 employees and 73 client-employees. The most important activity for this organization is the sale of second-hand goods geographically spread over eight different locations. The commercial income accounts for nearly 60% of the overall revenues of the organization. This organization confirms that commercial income has increased proportionally over the years. Moreover, they expect this trend to continue in the future. Moreover, the organization confirms that the use of management instruments has intensified, and the output is more frequently monitored. They implemented a strategic plan a couple of years ago and perform SWOT analysis on a regular basis. They also use indicators to track their performances. A couple of times, the organization even worked together with a consultancy firm.

WISE-LOW

This organization was established in 2000 and originated from an organization active in mental health care. They work with client-employees that have serious medical, mental, psychological and/or psychiatric problems. They predominantly perform green maintenance, cleaning, refurbishment and logistical support in residential elderly care centers. They provide work to 12 employees and 47 client-employees. This organization does not feel the need to hybridize in the same way as *WISE-HIGH* and wants to stick close to the mental health care sector from which it originated. The commercial income accounts for 45% of the overall revenues of the organization, and it did not change over the years. Moreover, the organization does not want to build up a buffer. They invest it directly into the wellbeing of their 'weak' client-employees. The use of management instruments and performance measurement is lacking in the organization as well the necessary competences to use them.

WELLBEING-HIGH

This organization, established in 1982, supports minors and more precisely girls with complex problems and needs. They organize residential as well as outpatient care. Through the years, the organization is divided into several sections depending on the theme (dealing with psychological problems through sports and culture) and/or specific subgroup (e.g., girls with a difficult parenting situation). The organization is a very active partner within projects and collaborations in its sector. When looking at commercialization, around 4% of total revenues is commercial in nature. These commercial activities are present within one section in the organization where they literally try to bring the business and nonprofit world closer together (e.g.,

organizing team building activities for business enterprises together with girls). This profit is used to offer better guidance to the clients as well as unfolding new ideas and projects (e.g., developing a sports and cultural program). Second, the organization is frequently using management tools (e.g., SWOT analysis) and to a lesser extent performance measurement. However, this has been changing recently (e.g., first time they measure the amount of clients reached).

WELLBEING-LOW

Last, a recognized organization offering care and support to disabled people, active since 1977. They offer residential care, both daycare activities and/or housing support. These are offered on different physical locations within the geographical span of a local community. They limit the number of clients at each location because they find it important to project a family atmosphere and treat all the clients as individuals with their own needs and problems. The organization does not really have commercial income. Nonetheless the fact that they sell certain artisan goods made by their clients (e.g., bread, honey and recently beer), these activities do not really generate profit and are thus not commercial in nature. They predominantly serve as a creative day activity. The frequent use of business-like management instrument and performance measurements, is something the organization management is suspicious of (e.g., it is regarded as too time consuming).

Appendix 2

See Table 5.

Table 5 Case selection

Sector	Managerialism	Commercialization	Age (years)	Capacity (number of paid employees)
Work integration				
N	47	49	33	47
Sector median	0.66	0.50	26	100
WISE-HIGH	0.78	0.60	26	89
WISE-LOW	0.45	0.45	20	59
Wellbeing				
N	152	154	117	152
Sector median	0.56	0.00	35	33
WELLBEING-HIGH	0.68	0.04	38	68
WELLBEING-LOW	0.39	0.00	43	29

Appendix 3: Example Organization Sheet

"At the request of people with a disability and their family supporters, *WELLBEING-LOW* is committed to: organizing and/or supporting various forms of housing, organizing and/or supporting an internal job offer, supporting an external job offer, support in other areas of life such as relationships and leisure time and to organize and offer basic services."

Organizational Characteristics

Functions (scale 1–5)

(w1v1) Community building function: very much—score 5 (Me: 5)
(w1v1) Service delivery function: quite a lot—score 4 (Me: 5)
(w1v1) Politicization function: quite—score 3 (Me: 4)
(w1v1) Advocacy function: quite—score 3 (Me: 4)
(w1v4) Political function (scale 0–10): score 7 (Me: 7)

Structure

(w2v49) Two hierarchical levels
(w2v51/w2v52) The work is for 100% performed by teams
(w2v6) Legal status: associations without profit distribution (VZW)
(w2v5) Age: 43 years (Me: 35 years)

Capacity

(w2v74) In general

The operating resources (scale 1–5) of the organization have remained stable over the past ten years: score 4—agree

(w2v74) Knowledge

The organization has (scale 1–5) sufficient expertise to carry out its core activities: score 4—agree

(w2v40) Number of employees: 29 (Me: 33)

(w2v43) If it concerns new jobs or positions in the past ten years: coach
(w2v74) The organization has sufficient staff (scale 1–5) to carry out the activities: score 5—completely agree

(w2v29) Number of volunteers: 53

(w2v32) A small majority (60–79%) of core volunteers is highly skilled

(w2v74) The organization (scale 1–5) has sufficient volunteers to carry out the core activities: score 4—agree

(w2v16) Total revenues are estimated at € 1,765,876 (Me: € 18,250,000)

(w2v74) The organization (scale 1–5) has sufficient financial resources to carry out its core activities: score 4—agree
(w2v74) The organization (scale 1–5) has a financial buffer: score 5—completely agree

(w2v7) Number of board members: 13 (Me: 9)

Degree of Nonprofit-Business Hybridity

Commercialization: index 0 (Me: 0)

The emphasis is therefore on creating financial added value. It concerns (w1v47) a share of 0% in commercial income.
In the (w2v23) past five years (scale 1–5), it is indicated that the financial situation of the organization has remained approximately the same: score 3.
People indicate that they do not agree (w2v25) with this statement (1–6): Compared to ten years ago, governments today opt more for temporary contractual support than for structural subsidies for the provision of basic services: score 4.
Making (w2v26) a profit or achieving financial surpluses will not become more or less important for this organization in five years (scale 1–5): score 3.

Managerialization: index 0.39 (Me: 0.56)

There are only two management instruments used (w2v53): SWOT and quality standards.
The different forms of performance (w2v56) are also included, namely: accessibility, efficiency, effectiveness, legitimacy, quality and transparency.

Rhetoric

(w1v2) The organization describes itself as a business enterprise (scale 1–5): score 2—a little.

Different Stakeholders and Proxies of Organizational Legitimacy

In general:

(w2v74) The organization succeeds (scale 1–5) in meeting the expectations of its target group(s): score 4—agree

(w1v56) It is indicated (scale 1–4) that the legitimacy (meeting the expectations of their target groups) is regularly measured: score 3

Per stakeholder

(w2v39) Volunteers (scale 1–7)

People are very satisfied with the number of new volunteers that the organization recruits (score 6).
People are extremely satisfied with the motivation of the new volunteers (score 7).
People are extremely satisfied with the average time that a volunteer is active in the organization (score 7).
People are very satisfied with the retention of volunteers (score 6).

(w2v69) The employees and the possible problems in one year (yes or no)

High absenteeism: no
Difficulty in keeping employees: no
Low motivation of the employees: no
Difficulty in finding suitable workers: no
Understaffing: no
A difficult, general working climate: no
(w2v74) Staff turnover (scale 1–5) has been high in the past three years: score 1—completely disagree
(w2v74) The staff (scale 1–5) is generally satisfied: score 5—completely agree

Government

(w1v19) Government: Flemish, Provincial and Municipal
(w1v20) The Flemish government controls (scale 1–5) to a large extent the finances (score 1) and is an indispensable financier (score 1). To a certain extent, the daily operations (score 2) and the performances

(score 2) are checked. Moreover, no control on the social impact (score 4).
(w2v22) It concerns (scale 1–5) a lot of paperwork (score 2) and all this takes a lot of time (score 2) but it is not pointless after all (score 4).
(w1v24) In practice (scale 1–5), it does not turn out to be an easy task (score 2).
(w1v28) Cooperation (scale 1–5) with the main government is not considered as a close partnership: score 2.

The partner/umbrella organization

(w1v29) People often participate in the meetings of an umbrella organization (scale 1–5): score 4.

Service beneficiaries/clients

People with disabilities
(w2v74) The organization certainly succeeds (scale 1–5) in opening its operations (accessibility) to its intended service beneficiaries: score 5—completely agree

Business enterprises

(w1v33) It is stated that they never want to cooperate with business enterprises (score 1) and occasionally receive funds from business enterprises (score 2) and provide services to business enterprises (score 2)
(w1v42/w1v43) In addition, it is also indicated that there is no competition (scale 1–5) with business enterprises for clients or members: score 1—none

Appendix 4

See Table 6.

Table 6 Topic list interviews

Concepts	Exemplary questions
Hybridity—general	Do you think the organization has characteristics comparable with a business enterprise? Which ones? Is the organization being pressured to behave business-like? Does the organization choose to behave more market-like? …
Hybridity—commercialization	Does the organization acquire commercial income? Why? Which goods and services have been commercialized? For which reasons are these commercial revenues used? How important are those commercial revenues? Is the commercial activity linked with the mission statement? Are you involved in these commercial activities? …
Hybridity—managerialism	Does the organization use certain business-like management instruments? Which ones? Why are these instruments used? Do you have to work with or implement these instruments? Are these instruments imposed on the organization? Does the organization systematically measure performances in a business-like manner? In what way? How are these performances measured: quantitatively or qualitatively? Why? …
Legitimacy—general	Does the degree of commercialization and managerialism has an influence on …
	How the organization is perceived by different stakeholders? Why and in which way?
	How legitimate and trustworthy the organization is? Why and in which way?

Table 6 continued

Concepts	Exemplary questions
	…
Legitimacy—pragmatic	Does the degree of commercialization and managerialism has an influence on …
	A material/immaterial trade-off for yourself/your organization? In which way?
	The relation you have with the organization? In which way?
	Your own function/organization (e.g., salary, working conditions and motivation)? In which way?
	The level of participation in decision-making? In which way?
	Your own interests as a stakeholder (e.g., service quality)? In which way?
	…
Legitimacy—sociopolitical	Does the degree of commercialization and managerialism has an influence on …
	The way you perceive the organization from the viewpoint of your own values or the norms and regulations that are applicable? In which way?
	The output (social services) of the organization? Do you perceive this as exemplary? In which way?
	The procedures of the organization? Do you perceive this as exemplary? In which way?
	The structure of the organization? Do you perceive this as exemplary? In which way?
	The organization's position in comparison with peer organizations in the sector? In which way?
	…
Organizational characteristics	How would you define the mission and vision of the organization? What about the organization's capacity? Does the organization have a financial buffer? Which skills do employees and volunteers possess? Which goals and values are important for the organization? Is the organization hierarchical structured? …

Appendix 5

See Table 7.

Table 7 List of interviewees

WISE-HIGH (N = 11)	WISE-LOW (N = 10)	WELLBEING-HIGH (N = 10)	WELLBEING-LOW (N = 10)
Manager	Manager	Director	Director
Sales director	Financial director	HR-manager	Quality coordinator
Professional (counselor)	Administrative assistant	Health care professional	Health care professional
Long-term volunteer	Board president	Volunteer	Volunteer coordinator
Client-employee (1)	Client-employee	Board president	Board member
Client-employee (2)	Government administrator	Government administrator	Long-term volunteer
Government official	Local government official	Donor (family foundation)	Donor (service club)
Government administrator	Active volunteer	Umbrella organization professional	Government official
Umbrella organization representative	Umbrella organization representative	Umbrella organization representative	Umbrella organization representative
Board member with business expertise	Business enterprise representative (customer)	Client (minor girls with psychological problems)	Client (people with a disability)
A weekly customer			

Appendix 6

See Table 8.

Table 8 Code tree

Codes	Sub-codes All documents and transcripts have been case classified based on: (a) The type of organization (i.e., one high-, one low hybridized case in both the wellbeing and work integration sector) (b) The type of stakeholder	Files Documents (N = 139) Transcripts (N = 41)	References Number of references allocated to each code
Pragmatic legitimacy (+)		19	94
	Degree of commercialization	15	41
	Degree of managerialism	11	53
Pragmatic legitimacy (−)		14	83
	Degree of commercialization	13	51
	Degree of managerialism	9	32
Sociopolitical legitimacy (+)		12	61
	Degree of commercialization	7	27
	Degree of managerialism	11	34
Sociopolitical legitimacy (−)		11	36
	Degree of commercialization	10	15
	Degree of managerialism	9	21
Organizational characteristics		56	336
	Culture	31	72
	Structure	34	124
	Other	49	140

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