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Social and Solidarity Economy and Co-optation, Isomorphism, and Instrumentalisation

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Abstract

This entry addresses co-optation, isomorphism, and instrumentalisation of the social and solidarity economy (SSE) through examining dynamics and trajectories of organisational transformation and the analysis of institutional arrangements. It defines co-optation, isomorphism and instrumentalisation and discusses the risks associated with these three processes for the future of the SSE. Focusing on the capacity of SSE organisations and enterprises (SSEOs) to maintain their specificities over time, and thus to escape the phenomenon of trivialisation while adapting to a changing context, the entry presents three approaches of the SSE to reducing the risks of co-optation, isomorphism, and instrumentalisation, and increasing the capacity to contribute to social transformation.

Keywords

co-optation; isomorphism; instrumentalisation; transformation; strategies; institutional logic

Introduction

Addressing the issues of co-optation, isomorphism, and instrumentalisation of the social and solidarity economy (SSE) requires the examination of dynamics and trajectories of organisational transformation and the analysis of institutional arrangements. It involves the assessment of the capacity of SSE organisations and enterprises (SSEOs) to maintain their specificities over time, and thus to escape the phenomenon of trivialisation while adapting to a changing context. Addressing these issues is also a way to discuss the contribution of the SSE to the modification of dominant principles and to social transformation. This entry defines co-optation, isomorphism, and instrumentalisation and discusses the risks associated with these three processes for the future of SSE. It presents three approaches of the SSE to reducing the risks of co-optation, isomorphism, and instrumentalisation and increasing the capacity to contribute to social transformation.

1. Co-optation, isomorphism, and instrumentalisation

The SSE is based on the principle of cooperation between individuals (and groups of individuals) to meet social needs that are otherwise poorly, or not at all, satisfied and to contribute, through organised collective action, to the production of goods or services. Based on Karl Polanyi's approach (1944), existing at the crossroads of the state, the market and reciprocity, the SSE is defined as combining different modes of exchange and different registers of interaction such as competition and cooperation. Depending on the period and the institutional context, some of these modes are dominant and the prevalence of the state or the market in production models can orient and constrain the behaviour of SSEOs. Reciprocity and the voluntary commitment that SSE is likely to embody also varies across time and space.

1.1 Co-optation

Co-optation refers to a process of aligning the interests and practices of one social group with those of another group that is more powerful than the former. Selznick (1948) characterised it as a "state of tension between formal authority and social power" (Selznick 1948, p. 35). It has been used in the analysis of social movements and their institutionalisation, and nowadays, it is frequently used in critical sociology and critical management studies.

The process of co-optation takes place in various fields. Firstly, mainstreamed principles of the New Public Management theory stipulate that any organisation, be it public or private, must be managed according to the management principles of a for-profit enterprise. International organisations and national governments adopting this principle treat SSEOs as conventional for-profit enterprises insofar as they have an activity of production of goods and services, regardless of how this activity is financed. Subsequently, SSEOs, like any other enterprise, are obliged to adjust the nature of the organisation and its activities to the key principles of for-profit enterprises such as efficiency, responsibility, and transparency. Competing with for-profit enterprises in markets, SSEOs must signal their quality, just like other companies. The increasing number of labels and certifications in many sectors of activity contributes to the fact that SSEOs are considered as traditional enterprises like any other, without taking into account their organisational specificities and their effects on the nature of the service provided.

Therefore, there is a risk that SSE enterprises will lose their identity and will be trivialised, as their specificities are not recognised.

Moreover, SSEOs are nowadays invited to develop alliances and partnerships with for-profit enterprises (especially in the field of work integration), and to adopt growth, merger or acquisition strategies in order to reach critical mass and improve their performance. It is also notable that SSE enterprises are increasingly resorting to private financing methods from sales or services, but also from sponsorship or philanthropy, particularly in order to cope with the decrease in public subsidies (see the entry “Financing for SSE”). These practices bring SSEOs even closer to for-profit enterprises, with SSEOs becoming increasingly for-profit business-like, following processes of marketisation and corporatisation (Maier et al. 2016).

However, the responsibility of any company to address social and environmental challenges such as inequality and climate change is ever-increasing. This is evidenced by the increased focus on corporate social responsibility and environmental, social and governance (ESG) factors in the business community, and the growing number of companies that seek to reconcile financial profitability with social purposes, such as BCorps in the United States or mission-based companies in France. While the increasing consideration of sustainable development issues can be seen as a crucial social advancement, the risks of greenwashing or social washing remain. Moreover, the rapprochement of conventional for-profit enterprises with SSEOs in terms of the pursuit of a social or environmental goal can mask fundamentally different governance, management and profit-sharing practices. Further, it can mask the specificities of SSEOs in these dimensions and lead SSEOs to processes of isomorphism as described below.

As a result, the boundaries between SSE and the for-profit business sector are becoming increasingly blurred, leading to a larger risk of SSEOs being co-opted by the for-profit business sector. This process of co-optation raises the crucial question of SSE's identity, its autonomy, its resistance to institutional and competitive pressures and, finally, its capacity for social transformation.

1.2 Isomorphism as a trend towards convergence of organisations

In organisational sociology, the term isomorphism is used to describe the process of homogenising the practices of organisations under the influence of other organisations. The concept of institutional isomorphism was introduced by DiMaggio and Powell in 1983. They characterised the convergence of the behaviours of organisations belonging to the same organisational field in a context where bureaucratisation and rationalisation were spreading to all organisations (DiMaggio and Powell 1983). DiMaggio and Powell thus highlighted the tendency to homogenise the practices of organisations in the same sector of activity, which mobilises the same resources and the same outlets, through their analysis at a meso level. This isomorphic behaviour results from the intention to reinforce the legitimacy of organisations in a context of uncertainty.

DiMaggio and Powell distinguish three main mechanisms that bring about isomorphic change.

- 1) *Coercive isomorphism*: refers to the formal or informal pressure exerted by the state or any other organisation to constrain organisations through the imposition of common standards.
- 2) *Mimetic isomorphism*: refers to organisations conforming to what they consider to be dominant behaviour. This may express the difficulty of

organisations to imagine new solutions and their preference for imitation strategies that appear less risky in a context of uncertainty.

- 3) *Normative isomorphism*: characterises organisations in their professionalisation process. For instance, formal education systems and professional networks which maintain and reproduce the norms conveyed by a given profession reinforce each other and create a process of increasing the homogenisation of structures.

These three forms of isomorphism affect SSEOEs to varying degrees. Coercive isomorphism affects SSEOEs in the sense that the state is increasingly guiding the activity of SSEOEs in the framework of its funding policy, through tendering and performance evaluation procedures. Mimetic isomorphism is particularly relevant for the sectors that have been progressively opened to competition, such as the banking and insurance sectors. It also concerns the medico-social sector. Finally, normative isomorphism can be observed particularly in sectors that have undergone a process of professionalisation, for example in the case of care activities (see the entry “Care and home support services and SSE”). While these three forms of isomorphism affect some SSEOEs’ development trajectories, they nevertheless hide the complexity and the diversity of strategies implemented to resist, transform and innovate, which we will return to in the next section.

1.3 Instrumentalisation

The term "instrumentalisation" is used in reference to public authority action towards the SSE. Indeed, especially in some European countries, part of the SSEOEs has strong links with the state and local authorities. This is particularly the case for associations and social enterprises within the SSE sector, in the field of social and medico-social services, as well as for WISE (Work Integration Social Enterprises) (see the entry “Social policy and SSE”). These organisations provide goods and services in partnership with the state and public authorities and obtain public funding in return. The process of instrumentalisation of SSEOEs by the state is shaped by the modes of financing and the forms of contracting utilised. Initially, public funding took the form of subsidies and thus left the decision of how to allocate its resources to the beneficiary organisation. Beneficiary organisations also retained a certain level of autonomy in the choice of activities they pursued. With the transformation of public funding through the development of calls for tenders and calls for projects, the autonomy of SSEOEs has been reduced, and the funding of its operation is made more difficult.

As a result, in addition to the competition between organisations that exists during these public calls for tender, the definition of production expectations prescribed by public actors - objectives, means, audiences, results - also limits the creativity of SSEOEs, the recognition of their skills in revealing needs, and the ways in which these needs are met. Furthermore, some scholars consider that the development of associations mitigates the negative impact of the disengagement of the state and local authorities in the production of services of general interest. This disengagement aiming at lower production costs through contracting, however, results in lower quality services and goods. Instrumentalisation is therefore a process that distorts the practises and objectives of SSEOEs.

Therefore, co-optation, isomorphism and instrumentalisation are three risks that can affect SSE over time, diverting it from its original principles and subjecting it to market or state rules.

2. Drivers of co-optation, isomorphism and instrumentalisation

Several, sometimes contradictory, elements are likely to explain these trends. Firstly, a misguided belief in the virtues of the market and for-profit enterprises has reinforced the importance and legitimacy of the market mechanisms and the management tools of for-profit enterprises (see the entry “Heterodox economics and SSE”). The for-profit enterprise model was thus imposed as the gold standard, including those within public organisations, in line with the theory of New Public Management.

Secondly, the emergence of new frames of reference for action in terms of corporate social responsibility, and reflection on the reform of aspects of for-profit organisations, such as BCorps in the United States or the mission-based companies in France, illustrates the capacity of capitalism to adapt to the transformations of its environment and to the expectations of society. These new standards blur the boundaries between SSE and for-profit companies. Without calling into question the dogmas of competition and market regulation, these standards broaden the registers of a performance that is too often approached in its financial dimension. These standards illustrate a global demand: economic and financial performance should be accompanied by non-financial performance within social and environmental realms, in line with the Sustainable Development Goals. In the wake of this dynamic, the rise of measurement benchmarks (particularly impact measurement) can also be observed, often presented as the new grail of access to funding for SSEOs. These new frames of reference accelerate the processes of co-optation, isomorphism, or instrumentalisation for SSEOs, which assume that for-profit enterprises encapsulate aspects of these principles, albeit without any radical change in practices. For-profit enterprises, however, cannot reduce the risks of greenwashing or social washing unless they radically change their business strategies and behaviour. In this context, the following three intrinsic features, which make up the basis of SSEOs, mitigate the risks of co-optation, isomorphism, or instrumentalisation, and help the enterprises to radically change their business behaviours. The first is the logic of cooperation, in the sense of organising diverse stakeholders to respond to a social or environmental need that has not yet been met or is still emerging. The second is the inclusion of a democratic process based on deliberative processes between partners and, more broadly, between stakeholders on the basis of democratic governance, which does not distribute power in accordance with the share of capital. The third feature concerns the limited distribution of surpluses at the individual level and the necessary deliberation on the use of the profits or surpluses made.

3. From organisational convergence to institutional pluralism

Consideration of cooptation, isomorphism, or instrumentalisation emphasises the role of context in the transformation of organisations and the trends for reducing the diversity of organisations. However, this type of analysis, focusing on cooptation, isomorphism, or instrumentalization, underestimates the voluntarist action of some organisations to produce change. In order to consider this voluntary action, scholars in the school of institutionalism (for example Oliver 1991, Lawrence and Suddaby 2006) identify the variety of organisational practises rather than their standardisation and promote an analysis in terms of institutional pluralism. Such analyses are based on a processual approach oriented towards understanding adaptations, rather than their results. In this perspective, different approaches emphasise the strategic capacity of organisations to adapt to the institutional pressures they face. These analyses highlight the persistence of

organisational diversity and the emergence of complex hybridisation processes in an uncertain environment. They highlight the capacity of these organisations to innovate and reinvent themselves. While institutional pressures such as the search for efficiency and the increasing introduction of management instruments are often presented as powerful levers for homogenisation and standardisation, these scholars identify different strategies which, on the contrary, constitute vectors of differentiation. It is therefore a way of reintegrating a strategic or agency dimension in the face of institutional pressures.

In this perspective, the approaches explained below help to understand legitimate changes of SSEOEs which are distinguished from cooptation, isomorphism and instrumentalization. In terms of institutional work, the approach helps to distinguish the actions and strategies of organisations to adapt to an uncertain environment. The hybridisation of institutional logics makes it possible to identify and understand the modes of coexistence of different institutional logics within the same organisation. Finally, in terms of social innovation, the approaches help to understand strategies for social transformation.

3.1 Institutional work

Institutional work means 'creating, maintaining or destabilising institutions' (Lawrence and Suddaby 2006, 215). With this concept, Lawrence and Suddaby (2006) highlight the importance of patient work within organisations to make observable changes. They distinguish the activity from the outcome of institutional work and point to the existence of contradictory tensions between institutional change and institutional stabilisation. They also highlight the importance of intentionality, defined as the way in which 'actors link their actions to the situations they encounter' (Lawrence, Suddaby and Leca 2009, 13). Three distinctive types of institutional work are thus presented: creating institutions (setting up new practises, advocating for a new project, building new networks, developing new skills, etc.); maintaining institutions (supporting institutions, creating myths around institutions, etc.); or destabilising institutions (convincing people of the need for change, questioning beliefs, etc.). In this framework of institutional work, organisations are not constrained to conform to dominant, externally imposed norms as in the case of co-optation, isomorphism, or instrumentalisation. They can build alternative strategies. This is illustrated through three mechanisms: when SSEOEs create new institutions such as fair trade or solidarity finance; when SSEOEs support and reaffirm the role of deliberative practises in the construction of their strategies; and when SSEOEs strive to privilege cooperation rather than competition as a mode of collective efficiency.

3.2 The hybridisation of institutional logic

A second analytical approach identifies strategic responses to external institutional processes. This approach highlights the coexistence of different institutional logics within an organisation and characterises the modalities of their combination in response to external pressures. The term institutional logic was introduced by Alford and Friedland (1985) to describe the contradictory practises and beliefs within the institutions of modern societies. These institutional logics can coexist, lead to forms of hybridisation, or be incompatible, resulting in processes of domination. Scott and Mayer (1991) propose to consider the strategies of hybridisation and the creative combination of institutional logics specific to the different stakeholders within organisations, in order to respond to heterogeneous, competing, or even contradictory demands. Oliver (1991) distinguishes five types of strategic manoeuvres used by organisations faced with these contradictory tensions: acceptance; compromise; avoidance; contestation; and manipulation.

Here again, there is no single strategy of acceptance, as observed in the presence of cooptation, isomorphism, or instrumentalisation, but an institutional logics approach offers a range of possible choices. From this point of view, acceptance (Oliver 1991) is the strategic scenario that corresponds to co-optation, isomorphism, and instrumentalisation. Moreover, if cooptation, isomorphism, and instrumentalisation refer to the pressure of one specific category of actors (a dominant social group, the market, or the state), the institutional logics approach illustrates the possible confrontation of logics carried by different actors and the resulting strategies adopted by the organisation. In the field of SSEOs, hybridisation logics have been particularly studied, showing the capacity of these organisations to favour compromises between two institutional logics, an economic one in terms of overall performance and a social one in terms of social justice for example. This can be illustrated through work integration or childcare. For its part, fair trade exemplifies a strategy of contestation by questioning the dominant rules of the market in favour of more social logic. The diversity of forms of hybridisation of these institutional logics reflects the ability of SSEOs to transform the pressures of homogenisation or alignment into a source of differentiation, maintenance or renewal of their specificities.

3.3 Social innovation

Finally, the last approach concerns social innovation, which points to the renewal of SSEOs' dynamics and their singularization, particularly in response to the various crises that affect our society. SSEOs are indeed recognised today, even at the European level, for their capacity to socially innovate in order to respond to social and environmental needs that are poorly, or not at all, met by public or for-profit organisations.

However, social innovation remains a polysemous notion with multiple uses. Social innovation can be defined in terms of results: social innovation is thus a new solution to a social problem that is more effective, efficient, sustainable, or fairer than existing solutions, and creates value for society as a whole rather than for individuals in particular (Phills Jr, Deiglmeier, and Miller 2008). But innovation can also be social in its creation and implementation process. Thus Murray, Caulier-Grice, and Mulgan (2010) point out that in most cases, the success of innovation will rely on the participation and involvement of a wide variety of interests - of the users and beneficiaries of the innovation as well as the producers and suppliers. Social innovation can also give rise to new organisational forms, especially within the SSE. These include, in particular, new forms of cooperatives, as shown in the French case by the development of cooperative societies of collective interest, cooperatives of activity, and employment or territorial poles of economic cooperation. Other hybrid forms are also developing, not unrelated to co-optation strategies, which carry risks of isomorphism (as described above) if certain safeguards are not put in place. These safeguards relate particularly to the attention given to governance and deliberative practices, and to the discussion of property rights. The fact remains that there are avenues of organisational innovation to be explored, which are created by multi-stakeholders, and which contribute to the development of the SSE and its ecosystem.

4. To conclude: challenges, stakes and opportunities

Analysis in terms of cooptation, isomorphism, or instrumentalisation illustrates the homogenising pressures that SSEOs are facing and the risk of degeneration. This risk is higher when democratic governance is weakened and debate is reduced. Such analyses,

however, mask the diversity of responses that organisations are likely to provide to the institutional pressures they face. Institutional work is an example of this. The coexistence of institutional logic is another, as is the capacity to produce social innovation. Thus, during their transformations over time, organisations, whatever their nature, experiment with different practices which are likely to move them away from their original model. These transformations can then oscillate between trivialisation and innovation and are increasingly reflected in the hybridisation and complexification of organisational models. The growing challenges of social and ecological transition, the new aspirations towards more social justice, and the search for meaning in work make the SSE a source of inspiration, whilst contributing to the legitimisation of institutional pluralism.

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