Research article

Public service innovation and multiple institutional logics: The case of hybrid social enterprise providers of health and wellbeing

CrossMark

Ian Vickers[a,*], Fergus Lyon[a], Leandro Sepulveda[a], Caitlin McMullin[b]

[a] *Centre for Enterprise and Economic Development Research, Middlesex University Business School, The Burroughs, London, NW4 4BT, UK*
[b] *School of Government & Society, University of Birmingham, Edgbaston Birmingham, B15 2TT, UK*

ARTICLE INFO

ABSTRACT

Public sector organisations are confronted with growing health and social care needs in combination with severe resource constraints, prompting interest in innovative responses to such challenges. Public service innovation is poorly understood, particularly where innovators must navigate between the norms, practices and logics of public, private and civil society sectors. We contribute to the understanding of how innovating hybrid organisations are able to creatively combine co-existing logics. Case study evidence from newly established social enterprise providers of health and wellbeing services in England is utilised to examine how innovations are shaped by (i) an incumbent state or public sector logic, and two 'challenger' logics relating to (ii) the market and increasing competition; and (iii) civil society, emphasising social value and democratic engagement with employees and service users. The analysis shows how a more fluid and creative interplay of logics can be observed in relation to specific strategies and practices. Within organisations, these strategies relate to the empowerment of staff to be creative, financial management, and knowledge sharing and protection. The interplay of logics shaping social innovation is also found in relationships with key stakeholders, notably public sector funders, service users and service delivery partners. Implications are drawn for innovation in public services and hybrid organisations more broadly.

1. Introduction

At a time when the public sector is facing complex societal challenges related to growing demand combined with severe resource constraints, there is considerable interest in the potential of innovation to help address such challenges. Public service innovation is relatively poorly understood and there is a common assumption that employees of the state are risk averse and lack incentives to be creative. This paper shows how innovation occurs in a range of organisational and service settings and is shaped by multiple institutional logics. We examine the case of hybrid social enterprise organisations that deliver health and social care services and explore how their innovative activities are shaped by the co-existing logics of the public, market (private for profit) and civil society sectors (Battilana and Lee, 2014; Billis, 2010; Doherty et al., 2014). By drawing on the concept of institutional logics as cultural beliefs, goals, norms, rules and practices that structure cognition and decision-making behaviour (Friedland and Alford, 1991; Thornton et al., 2013), we are able to contribute to understanding of innovation that seeks to address societal and public service needs.

This paper explores how logics may be creatively combined and

how different actors find ways to navigate the tensions experienced (Jay, 2013). We present a framework for understanding the interplay of logics within hybrid organisations and in relationships involving a range of external actors. In other words, we set out to explain *how* different logics are combined in the activities of innovating hybrid organisations. We draw on case study evidence from eight social enterprises in the health and wellbeing sectors in England to address the core question: How do co-existing logics shape approaches to public service innovation in hybrid organisations? To answer this we set out three specific research questions: How are the logics of the state, market and civil society manifested in the innovative activities of public service hybrid organisations? What are the organisational strategies and practices that enable the interplay of multiple logics in public service innovative activity? What are the inter-organisational relationships with external innovation actors that facilitate the interplay of logics in public service innovative activity?

There is a growing interest in public service innovation (Osborne and Brown, 2013; Windrum and Koch, 2008) and social innovation (van der Have and Rubalcaba, 2016; Tracey and Stott, 2017; Ziegler, 2017) as government bodies and delivery organisations are confronted

with both increasing demand and resource constraints. Ziegler (2017) examines social innovation as an "essentially contested concept" and as a "hybrid concept" which has arisen from discontent with the 'mainstream' understanding of innovation which tends to focus on technology- and market-led innovation. The idea of social innovation suggests greater collaboration between multiple actors in different domains to catalyse alternative ways of mobilising resources for constructive ends. We focus on the innovative potential of newly created hybrid social enterprise (SE) organisations which span the traditional boundaries of the public, private-for-profit and civil society sectors by recombining logics traditionally seen as distinctive to each of these three realms (Doherty et al., 2014; Jay, 2013; Pache and Santos, 2013). SEs predominantly adopt civil society sector legal forms and have a core social purpose which they achieve through trading in goods or services and winning contracts from the public sector. They have been promoted by governments alongside public sector reforms that are resulting in the creation of new quasi-markets for public provision and the greater involvement of private and civil society sector organisations, particularly in the UK (Bartlett and Le Grand, 1993) and the US (Smith and Lipsky, 1993). Hybrid organisations therefore offer a useful context for studying how plural logics influence innovation.

By taking an interpretivist approach (Bryman, 1989), we develop a framework for understanding how the introduction of new ideas and concepts is shaped by both compatibilities and tensions between (i) an incumbent public sector logic and two 'challenger' logics relating to (ii) the market and enterprising responses to increasing competition; (iii) civil society, emphasising social value and democratic engagement with employees, and user communities.

Although the analysis is focused on specific innovations developed by groups of staff and leaders at the micro/organisational level, we are also sensitive to field level influences, such as from public policy and decision-making on health and social care provision. We provide insight into the relationships and multiple levels at which different institutional logics are played out and reconciled (or not), thus offering a relatively high level of generalisability to other hybrid enterprises and to the dynamics of public service and social innovation more broadly. In developing our argument, we contribute to theories of public service and social innovation, hybrid organisations and institutional logics by explaining how innovation arises from creative (synergistic) interplay between logics.

The paper is structured as follows. The next section (2) sets the theoretical context by reviewing the literature on public service innovation, hybrid organisations and institutional logics. The research context of health service provision and efforts to promote innovation in the UK is then introduced (3.1), followed by an explanation of the methods of data collection and analysis (3.2). Section 4 presents the findings related to the interplay of logics within the innovation activities of eight selected SEs. We identify how and at what junctures the interplay occurs, and the strategies and practices that facilitate innovation. We then discuss the contribution to theory, policy and practice and conclude (5).

2. Theoretical context of innovation in public services

Public sector services constitute an important although often misunderstood and under-acknowledged arena for innovation (De Vries et al., 2015; Osborne and Brown, 2013; Windrum and Koch, 2008). Not only does the public sector continue to represent a significant proportion of GDP in most economies, it is also central to the resolution of many pressing and often 'wicked' social and environmental problems (Rittel and Webber, 1973) and to the promotion of different approaches in their resolution (Weber and Khademian, 2008).

Much of the literature on public service innovation examines how structural and related cultural characteristics can shape but also inhibit innovation (Potts and Kastelle, 2010). Public sector practices are characterised by asymmetric incentives whereby unsuccessful

innovations are punished more severely than are successful ones rewarded, and there is also adverse selection by innovative individuals against careers in public services (Borins, 2001). Bate (2000), for instance, found that clinicians within a hospital work environment were resistant to innovation due to 'conservatism' and 'defensive cultures'. However, despite resistance, evidence of significant innovation in the public domain can be found in areas such as health and community welfare, employment policy, and environmental regulation (Osborne and Brown, 2013; Sorenson and Torfing, 2011; Vigoda-Gadot et al., 2005, 2008; Windrum and Koch, 2008).

To shed light on the potential of new approaches, this paper builds on the emerging literature that explores the distinctiveness of a more 'social' and holistic model of innovation in a quasi-public sector context where a change in logics would seem to require a more collaborative approach between multiple actors. While there is a good understanding of how public sector priorities and values may drive or inhibit innovative activities, there is less understanding of hybrid organisational contexts and how civil society and commercial (market-focused) objectives shape innovation characteristics. In the UK and many other countries, public service delivery is subject to ongoing change as a result of debate and contestation between different political-philosophical-social perspectives and beliefs. Relatedly, there have been drives to reduce the role of the state and to re-organise public services along market-based principles (Windrum and Koch, 2008), to bring in elements of civil society to support delivery of public goals (Bode, 2006) and to promote social innovation (Ziegler, 2017).

However, there remains a research gap with respect to how organisations that deliver public services in competitive environments are able to reconcile multiple competing goals (Billis, 2010; Resh and Pitts, 2012; Vangen and Huxham, 2012). Institutional perspectives offer a useful theoretical lens on how innovation may emerge despite the tensions between different norms and practices. Hence, a recent review of the literature on public service innovation calls for further research that engages with neo-institutional theory to analyse the spread of organisational practices and norms (De Vries et al., 2015).

Given that public service innovation is shaped by multiple goals and, increasingly, a diversity of providers from the public, private and civil society sectors, we draw on the institutional logics perspective to provide a rigorous approach to studying this heterogeneity (Friedland and Alford, 1991). An institutional logic is defined by Thornton and Ocasio (2008) as "the socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values and beliefs, by which individuals and organisations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences". Greenwood et al. (2010) refer to the core societal institutions, each with its own overarching logic and Thornton et al. (2013) propose seven ideal types of institutional order − the family, religion, state, market, profession, corporation and community.

We focus on the three logics of the state, market and civil society, given their centrality to current academic debate around hybrid organisation and also policy discourse around public sector reform and social innovation. The logics of the state and the market are discussed in most definitions of institutional logics (Thornton and Ocasio, 2008) and the logic of civil society (or the social sector) is explored in the literature on social enterprise (SE) and hybrid forms (Battilana and Lee, 2014; Doherty et al., 2014; Jay, 2013; Pache and Santos, 2013; Seibel, 2015; Tracey et al., 2011). The concept of hybridity is particularly relevant. Organisations that do not align closely to one logic are termed hybrids and can include SEs (Doherty et al., 2014); micro-finance enterprises (Battilana and Dorado, 2010); universities (Townley, 1997), hospitals (Miller and French, 2016) and orchestras (Besharov and Smith, 2014). Scholarly interest in hybrid SE organisations has grown alongside a policy trend in many national contexts to increase competition for funding between diverse providers of health services with the aim of driving up service quality and innovation (Sepulveda, 2015).

A growing number of studies claim that hybrid SEs may have a

particular advantage in addressing complex (and often under-served) needs insofar as they are able to creatively reconcile tension and paradox when combining logics of public service and social value with the logics of private enterprise and the market by drawing on the knowledge and capabilities of different stakeholders and their priorities (Doherty et al., 2014; Jay, 2013; Pache and Santos, 2013; Tracey et al., 2011; Vickers and Lyon, 2014).

Despite the proliferation of literature on hybrid organisations and institutional logics, and on social innovation as an essentially collaborative concept (Ziegler, 2017), there has been a lack of attention to how innovation for productive ends may arise from the interplay of multiple logics. This gives rise to our first research question:

RQ1. How are the logics of the state, market and civil society manifested in the innovative activities of public service hybrid organisations?

Previous studies have examined the tensions between different logics, with research focussing on the idea of the 'marketization' of non-profit organisations (Eikenberry and Kluver, 2004; Weisbrod, 1998) and the danger of 'mission drift' whereby social ends and social innovation are compromised by the logics of business and the market (Carroll and Stater, 2009; Jones, 2007; Ziegler, 2017), but with only limited research on how organisations may be able to work with, reconcile and manage co-existing logics (Jay, 2013). This paper therefore responds to calls for research on the mechanisms of logic recombination (Skelcher and Smith, 2015; Thornton et al., 2013), on the organisational cultures and relationships involved (Battilana et al., 2015) and the implications for innovation management including with respect to enduring tensions (Jay, 2013; Smith et al., 2013). We therefore focus on how co-existing logics combine to shape the innovative activities of hybrid organisations.

The institutional logics approach emphasises the agency of organisational actors and their potential to shape the social world and its macrostructures. This can involve the strategic choices made by leaders; ongoing interactions and learning between key actors; and changes that alter the rules and norms that shape organisational choice, behaviour, and how resources are distributed (Friedland and Alford, 1991; Thornton et al., 2013). Such interactions can be between powerful 'structural actors' (e.g. regulators, public service commissioners, large enterprises) as well as less powerful entrepreneurial actors who nevertheless are able to introduce and enlist support for innovative ideas (Tracey et al., 2011). However, little is known about such processes and the contributions of different actors in public service innovation, and particularly so in health care where the scope for experimentation and innovation can be limited by the emphasis placed on high reliability in a context where risk-taking and the threat of failure is discouraged.

The institutional logics concept provides a lens by which to examine the influence of different norms, goals and practices on innovation, focusing attention on the compatibilities, tensions and compromises involved. Thus Reay and Hinings (2005; Reay and Hinings (2005; 2009) show how logic multiplicity – in this case the logic of medical professionalism and a business-like 'challenger' logic – can persist and coexist within healthcare organisations. However, they note the lack of research on these practical collaborations, especially those that include active roles for patients, and question how multiple logics co-exist in different organisational fields. We build on this perspective by examining how the interplay of multiple logics occurs within (and shapes) the innovation activity of hybrid public service providers. This leads to the second and third research questions:

RQ2: What are the organisational strategies and practices that enable the interplay of multiple logics in public service innovative activity?

RQ3: What are the inter-organisational relationships with external innovation actors that facilitate the interplay of logics in public service innovative activity?

3. Research context and methodology

3.1. Healthcare provision and the UK context

Healthcare systems which are dependent on public funding are a particularly fruitful context in which to examine how a range of contrasting norms and practices shape innovation. Healthcare can be theorised as a distributed system with an extensive division of labour and a complex collaborative approach to innovation and the application of useful knowledge (Coombs et al., 2003; Thune and Mina, 2016; Von Hippel, 1988). The UK National Health Service (NHS) is funded by taxation and provides universal access to healthcare that is free at the point of use for UK residents, and is still largely delivered by organisations from within the public sector. A range of government strategies have been introduced to expand and develop primary and 'out of hospital' care and to transfer resources into the community and promote more integrated approaches to care (Department of Health, 2006). An infrastructure has developed which aims to promote innovation in terms of a more developed 'social model of health', although there have been bureaucratic and resourcing barriers to its implementation (Bauer, 2015).

Policy debate and action, particularly in the UK, has also sought to increase the diversity of public service providers − i.e. to include more private and civil society/third sector organisations (Bartlett and Le Grand, 1993; Le Grand, 2007; Walsh, 1995). This has included efforts to significantly increase the number and scale of spin-outs from public health and social care services in England (Miller and Millar, 2011; Sepulveda, 2015). Facilitating actions have included the Department of Health's 'Right to Request' policy (Department of Health, 2008), provisions for 'Rights to Provide' to enable public sector employees to take over the ownership of services,[1] and the Cabinet Office's Pathfinder Mutuals initiative and related financial support (Mutual Taskforce, 2012).[2] The theory of change that underpins this ambitious agenda makes a particular link between new organisational forms (i.e. mutual and SE spin-outs), and innovations that contribute to greater efficiency and cost effectiveness in the delivery of public services. A government press release from July 2014 indicated that 100 'mutuals' had spun-out from the public sector and were delivering £1.5 billion of public services (from community health to libraries) and employed 35,000 people.[3]

It is relevant to note the controversial nature of the wider policy context to the public service mutuals agenda and measures taken to reform the NHS. While government sources and others have emphasised increased competition and outsourcing as crucial to driving up standards and efficiency (Le Grand, 2013), critics view such changes as furthering an ideologically-motivated privatisation agenda and the introduction of market forces in ways that will fragment universal provision, undermine the public service ethos and, ultimately, could prove more expensive to the public purse (e.g. Hunter, 2013; Leys and Player, 2011; UNISON, 2011; Murdock, 2010). In this contested context, the commissioners responsible for procuring public services are key actors, with a complex remit to address community health needs and social value considerations[4] while also promoting competitive tendering and financial efficiency in a context of public sector austerity.

There has also been a growing recognition of the potential for 'bottom up' empowerment of frontline workers and of multi-actor

---

[1] https://www.gov.uk/government/news/big-society-plans-for-better-public-services (last accessed: 9-2-17)

[2] http://mutuals.cabinetoffice.gov.uk;   https://www.gov.uk/government/organisations/open-public-services (last accessed: 9-2-17)

[3] https://www.gov.uk/government/news/cabinet-office-mutuals-reach-century-success (last accessed: 9-2-17)

[4] The Public Services (Social Value) Act 2012 calls for public sector commissioning in the UK to factor in social value, and was designed in part to create more opportunities for SEs to win bids for the delivery of public services.

collaboration as a source of innovation in public services (Hall and Holt 2008; Osborne, 2006; Pestoff et al., 2012; Sorenson and Torfing, 2011). The concept of co-production/co-creation which is particularly associated with SE and social innovation emphasises the empowerment of consumers/service users and how this can produce better outcomes (Bovaird, 2007; Pestoff, 2009; Simmons, 2008; Simmons et al., 2012). SEs can be particularly effective in terms of responding to the needs of service users because the gap between those who provide the services and those who benefit is reduced, thus solving the problem of agency (Needham, 2008).

It is in this turbulent and contested policy context that this paper seeks to contribute to understanding of public service and social innovation by examining the strategies and practices of innovating hybrid enterprises as they respond to new combinations of institutional logics.

3.2. Research methods

We adopt an interpretive approach (Bryman, 1989) to analyse qualitative data on innovations from eight case study hybrid organisations which were drawn from a larger sample of SEs (and 134 identified innovations) that were delivering publicly funded community health services. Cross-case analysis (Eisenhardt, 1989) was used to identify the patterns and characteristics of innovation and the combinations of institutional logics involved. The case study methodology enables in-depth insight (Yin, 1994) into processes involving the conception, development and implementation of innovations, with the multiple-case and multi-stakeholder approach allowing a higher degree of generalisability while also reducing the danger of selection biases to which single-case approaches are prone (Eisenhardt, 1989).

3.2.1. Case study selection and data collection

A systematic review of existing datasets comprising aggregate information about spin-out SEs delivering public services in the health and social care sectors in England was initially conducted in order to estimate the size of the sector and to synthesise existing knowledge. The mapping exercise drew on data from UK government departments, notably the Cabinet Office and Department of Health; sector organisations, such as the Employee Ownership Association and Co-operatives UK.

An initial group of 30 SEs were selected and their CEOs invited by email to participate in the study beginning in August 2012, with 20 of the original 30 contacted agreeing to participate. Nineteen second-choice organisations were contacted which resulted in a further 10 SEs being added to the sample. The 30 organisations were representative of the identified population in terms of size (by number of employees), location (by region) and date of establishment as independent business ventures.[5] The majority of cases (22 out of 30) had adopted the Community Interest Company (CIC) form, introduced by the Labour Government in 2005 as part of a series of measures aimed at facilitating the growth in number and size of SE organisations (Nicholls, 2010).

The main data collection tool was a semi-structured interview questionnaire which was adapted for the different categories of interviewee: CEOs (29 in total); staff members (166); external stakeholders (such as commissioners and partner organisations) (39); and a limited number of interviews and some focus groups with service users and volunteers (35 individuals). The 208 interviews were conducted by the four authors, either in person or by telephone, and with some interviews involving more than one respondent. A total of 100 h and 47 min of interview recordings were made. The interview transcripts totalled 860,074 words. While there are dangers in relying on the accounts of individual interviewees and their ability to accurately recall and relate past events, the risk of bias has been minimised by triangulating the accounts of multiple interviewees, including external stakeholders as

well as actors within the innovating organisations.

Specific innovations were initially elicited by asking interviewees within the SE cases to identify what they were doing or were aware of that was *new or substantially improved since their organisation had left the public sector,* i.e. in terms of changes to services and related work practices, organisation and systems. What appeared to the researcher in each case to be the significant innovations, as related by interviewees, were then explored with both closed and open questions to elicit interviewees' understanding of their conception, development and implementation; the roles of different actors; challenges encountered (and how overcome); and the innovation impacts to date.

The analysis resulted in the identification of 134 innovations − or areas of innovation in some cases − which were entered in an Excel database to capture details of the nature of the innovation; source of the idea/concept and degree of novelty (i.e. new to the organisation, new to the sector or completely novel); partners and support received; and evidence of impact since implementation. Excluded from this were some nascent and smaller innovations that were only briefly mentioned by interviewees.

The initial analysis led to the 134 innovations being grouped into four categories: organisational innovations associated with the new form (i.e. other than the SE form itself); improvements to existing systems and services; new wellbeing services and treatments; and outreach and marketing (Table 1). These four types of innovation provide our starting point for the detailed analysis of institutional logics and their interplay.

In order to more explicitly reveal the interplay of different logics, eight cases were purposively selected to represent the four main areas identified in the first stage analysis and where the interview evidence offered particular depth of insight. In total, 88 individuals were interviewed across these eight cases (Table 2).

The subset of eight organisations and their innovations are summarised in Table 3 along with some indicative evidence on their impacts at the time of the research fieldwork, including take-up and influence within the wider public service arena.

3.2.2. Data analysis and theory building

Detailed analysis of all the interview data was conducted using NVivo software. The first stage involved the development of a coding guide to facilitate cross-organisation thematic analysis of the transcripts from the 30 cases, comprising 21 main themes or 'parent nodes'. Key nodes were identified through an initial analysis by the four authors which was informed by the insights and themes identified in the literature review. The nodes used for this paper are: innovations − type, actors, processes and logics; innovation strategy and culture; employee involvement; collaboration and communities of practice; user community involvement; competition and markets; commissioners, policy and regulation. To ensure reliability and common coding at this preliminary stage, 70 of the transcripts were analysed by two of the researchers. Cases where there was lack of agreement or uncertainty were separately re-examined by the researchers and discussed until agreement was reached on a consistent and common coding system.

In a second stage, data on the innovative activities of the eight case study organisations were scrutinised and coded according to the logics of State, Market and Civil Society. Drawing on the recent literature on institutional logics and hybrid organisations (as previously discussed) we identified the constitutive elements of each logic (i.e. particular values, priorities, norms and identities) and how these were manifested in the interview evidence.

Given the focus of the paper on how co-existing logics interplay, we synthesised the observations recorded for each case to create narrative accounts of the innovation process and the role of different actors and their relationships. The main logic or logics at play were indicated within these narratives by inserting in brackets the combinations observed at key points − i.e. **S:** state, **M:** market, **CS:** civil society. This method was used to capture evidence of both logic interplay and

---

[5] Appendix A shows the 30 case organisations and their profile characteristics.

Table 1
Typology of public service innovations found in 30 SE cases with indicative examples.

Type	Indicative examples	No. of innovations identified
Organisational (excluding SE form − common to all cases)	Democratic governance and decision making, involving staff and user communities, and to further organisational responsiveness in support of business competitiveness and growth; Charity arms − fundraising & volunteering; Joint ventures + other partnership forms	18
Improvements to existing services/ systems	Better delivery and integration of public services; Financial (cost cutting) efficiencies; New systems and financial innovation also introduced to fulfil functions no longer being provided as shared corporate services within the public sector	49
New services and treatments	Diverting patients from expensive acute hospital care to community care; Public sector funded preventive interventions − lifestyles, fitness; Vocational services & employment creation; Treatments for groups living with acute symptoms	51
Outreach/marketing	New ways of promoting health and well-being messages and available services within communities; Social marketing to promote and legitimate the new SE service provider identity	16

Table 2
Details of interviewees and of data collected from eight cases.

	Anglian Community Enterprise (ACE)	Thurrock Lifestyle Solutions (TLS)	Bromley Healthcare (BH)	Social Adventures (SA)	Spectrum Community Health (SCH)	Navigo	First Community Health & Care (FCHC)	NottinghamCityCare (NCC)
Number of interviews	8	9	8	5	12	11	8	7
Number of interviewees	9	12	8	5	18	20	8	8
* Chief exec	1	1	1	1	1	1	1	1
* Senior staff	3	2	1	1	3	3	2	2
* Staff	4	3	3	3	1	6	4	5
* External stakeholders	1	2	2	0	4	0	1	0
* Service users	0	4	1	0	9	10	0	0
Number of words transcribed	34406	40482	26283	22783	41547	61874	29422	48179
Hours of interviews	03:26	04:20	03:28	02:53	05:45	06:36	03:11	05:08

NB Some interviews were conducted with more than one person.

combination as well as areas of unresolved tension between co-existing logics.

In a third stage of analysis, the data was re-coded by two of the researchers working independently to identify the specific aspects of hybrid organisational culture, strategy and practice where the creative interplay of logics was most apparent.

4. Results − analysis of the interplay of logics

To answer the research questions, we first examine how different logics are manifested within the innovations of public service hybrid organisations. Second, we examine the extent to which particular organisational strategies and practices facilitate the creative interplay of logics. Third, we explore the role of relationships with key innovation partners and stakeholders.

4.1. State, market and civil society logics in public services

The analysis of the data shows how the three key co-existing logics − of the state or public sector, the market and civil society − are manifested and combined within the innovations in each of the eight cases, as summarised in Table 4. Integral to the state logic is the principle of a universal health service as a public good. Interviewees in all eight cases affirmed the public benefit of their innovative services, often referring to the importance they continued to attach to the public service ethos and related practices of accountability and regulation, while also operating as independent enterprises. In many of the cases, public service commissioners had played a key role in supporting innovation,

setting the strategic direction by identifying needs, encouraging experimentation, funding pilot studies and procuring innovative services. Public service values were also referred to in terms of a need for co-operation with other providers to continue to deliver integrated services, but with significant service innovation also requiring new relationships to be forged.

The market logic was evident in the adoption of practices and guiding values that are more commonly associated with the business world, with the case study SEs having to bid against other providers for competitively tendered public sector funded contracts. The influence of the market logic was also apparent from the importance attached to achieving financial savings and delivering 'value for money', as was particularly evident in six of the eight cases. All cases were also attempting to generate a surplus or profit by diversifying into new sources of trading income. New enterprises that were trading with the general public had been set up in four cases (ACE, Navigo, SA, SCH) including a garden centre (SA) which had been motivated by a business logic and the need to ensure financial viability while also providing health and vocational training services to clients. How surpluses were used to support innovation is discussed later.

The civil society logic was particularly evident with respect to an explicit focus on social goals, including new pathways to health and wellbeing (Roy et al., 2013) that sought to encompass the social and economic participation needs of user communities. The emphasis on holism and social value also relates to co-operative practices and collaboration with other service providers, with some interviewees (notably in ACE, Navigo and SA) emphasising the importance attached to sharing ideas and knowledge (also in line with the public service logic)

Table 3
Selected innovations − characteristics and impact.

Social enterprise	Type of innovation	Indicative innovations/areas of innovation	Level of impact − emerging/indicative evidence
Thurrock Lifestyle Solutions (TLS)	Organisational − leading to new services	Social/co-productive model applied to design of personalised services for people with learning disabilities: Board of Directors composed of service users Independent living support for people with learning disabilities	Seen as highly successful by key external actors (commissioners, etc.) for value for money, quality of services and the meaningful involvement of service users Received business award from the local authority
Bromley Healthcare (BH)	Organisational & improvements to existing systems/ Services	Auditing and redesign of service lines (approx. 30) around cohorts of patients and integrated teams − resulting in approx. 70 small/incremental service innovations	Significant cost savings and efficiencies Good reputation with commissioners Surveys show increased patient satisfaction.
Social Adventures (SA)	Improvements to existing service	Profit-making garden centre purchased in a joint venture with mental health charity − converted as a support project for recovering clients and others.	Organisational turnover growth of 33% 2014–2015. Project growth: 41 people currently being supported; 84 members; 298 total people they have supported; 14 sites across Salford
Nottingham CityCare (NCC)	Improvements to existing service	Flexible capacity for care of elderly leaving hospital in partnership with private sector providers Roadshow and clinics for carers; Skype appointments;	Initiative encouraged and funded by public service commissioners High level of patient satisfaction (97%) Anecdotal evidence that more personalised support and collaboration/linked up services has led to better results for patients
First Community Health & Care (FCHC)	New service	Moving patients from acute care into community care: minor injuries units, rapid response clinics Mobile Working service (investing surplus to develop) Self-managed Business Units created to deliver services	Positive feedback from user/patient groups reported by the organisation
Navigo	New service	SE subsidiary (Tukes): Work integration Catering, cleaning, horticulture and grounds maintenance enterprise for mental health clients, including traded services (cafes, retail outlets, etc.	A local success, with prominent local profile. Subsidiary (Tukes) has won a number of national awards. Money from second-hand shop allowed expansion of retail units Good results from NHS Staff Survey, CQC inspection
Anglian Community Enterprise (ACE)	Outreach	Health champions − promoting sexual health (chlamydia screening), drug/alcohol awareness and personal safety for young people in the night economy (pubs and clubs)	Drug and alcohol service initially developed as a self-funded pilot project now funded by NHS. Some national-level impact − model being extended to other parts of country One of the best rates for chlamydia testing in the country.
Spectrum Community Health (SCH)	Outreach	Community health outreach work on sexual health, drug & alcohol awareness etc. focused on vulnerable groups. Mobile health unit/events management bus; 'Meaningful activities for recovery'; Community involvement/charity arm	Strong support expressed by commissioner and service users SROI modelling project on hard to reach action plan and on allotment project.

with other organisations. The civil society logic was also manifested through the use of human resources, with five cases making particular use of volunteers to help deliver innovative services (FCHC, Navigo, NCC, SA, SCH). Finally, the civil society logic was reflected in the alternative forms of governance adopted and evidence of a much greater degree of democratic participation by staff and users than when organisations were part of the public sector.

Having established, at a general level, how co-existing logics were manifested in innovation, we next turn to the particular ways in which logics interplayed and the extent to which this had been facilitated by

the specific strategies and practices of hybrid organisations.

4.2. Strategies and practices for innovation within hybrid organisations

In order to address the second research question, we next examine the extent to which the creative interplay of logics is enabled by organisational strategies and practices, specifically with respect to leadership, empowerment and team building; financial management; and knowledge sharing and protection (Table 5). We explore each of these areas in detail below, using selected quotations to support the analysis.

Table 4
Narrative summaries showing how co-existing logics are manifested in public service innovations.

Social enterprise	Innovation	Type of innovation	Different logics in each innovation [S] = State [M] = Market [CS] = Civil Society
Thurrock Lifestyle Solutions (TLS)	Co-production with users on the board	Organisational − leading to new services	Empowerment and co-production [CS] to develop a more efficient service [M] and in response to a perceived risk averseness of the public sector [S] Board of directors includes service users with learning disabilities [CS], and creative team includes staff good at accessing funds and winning bids [M/CS]. Cooperation with other public services [S], voluntary sector [CS] and private landlords [M] Ideas shared with others [CS] but service innovation is imitated by private/for-profit competitor [M]
Bromley Healthcare (BH)	Redesign involving service teams and patients	Organisational & improvements to existing services	Service redesign by business development team [M] to ensure integration of health services [S] and user involvement [CS] Staff encouraged to change behaviours to respond to the new competitive market context [M], but concern that commissioners [S/M] do not understand services. Increased partnership with other healthcare professionals [S] and voluntary sector [CS] Surplus [M] generated reinvested in staff development and new ideas [CS]
Social Adventures (SA)	Garden centre for mental health	Improvements to existing service	Purchased an existing business [M], with conversion to a mental health project [S/CS] with strong links to other sector organisations and volunteer work [CS] Staff encouraged to have ideas [CS] but uncomfortable with business responsibility [M] Surplus [M] invested in innovation [CS] and commissioners [S] provide further support
Nottingham CityCare (NCC)	Care for those leaving hospital	Improvements to existing service	Staff encouraged to develop ideas [CS] focused on 'patients as customers' [CS/M] Commissioners identified the need for the innovation [S] but developed by staff looking for service improvements [CS/S] and business growth [M]. Partnerships with other public sector providers [S], private sector care homes [M] and voluntary sector organisations [CS] that facilitate input from volunteers. Combining sharing knowledge [CS/S] while also seeking to protect contracts [M]
First Community Health and Care (FCHC)	Clinics in the community	New service	Responds to commissioners' need [S] to reduce the cost burden of acute hospital care through a restructuring around self-managed business teams [M] Co-operative relationship with trade unions [CS] and greater focus on service users [CS] and cooperation with voluntary sector organisations [CS] and other providers [S]
Navigo	Work integration social enterprise for mental health	New service	Responds to holistic understanding of local community and client needs [CS] as well as creating efficiency savings [M] Staff, including some recruited from a business background, seize business opportunities [M] to support the local community [CS] and retain a public sector ethos [S] Staff vote [CS] on how a surplus [M] from trading is spent on health innovations [CS/S] Tensions with commissioners [S] over expectations of continued cost-cutting [M] Share knowledge [CS/S] rather than protecting/monetising knowledge [M]
Anglian Community Enterprise (ACE)	Sexual health and safety for young people	Outreach	Preventative health idea [CS/S] funded through the organisation's own surplus reserves [M] supported by a creative team who do their own marketing [M]. Build partnerships with local community leaders, voluntary sector organisations [CS] and local businesses (pubs and clubs) [M] Debate between the importance of freely sharing [CS/S] or protecting new ideas [M]
Spectrum Community Health (SCH)	Mobile/community health outreach	Outreach	Responds to need for 'paradigm shift' in community health [CS/S], also becoming more business-like and scanning for opportunities [M] to meet public sector needs [S] Staff empowered to innovate [CS] but some express concern over reliance on volunteers (CS) to deliver public services [S] Partnerships involve public sector [S], civil society [CS] and private organisations [M] Commissioners [S] support pilots but focus on 'value for money' [M] and less on social value [CS]

Table 5
Dimensions of hybrid organisation and interplay between logics in public service innovation.

Dimensions of hybrid organising	Interplay between logics [S] = State [M] = Market [CS] = Civil Society
Organisational Culture *Leadership Empowerment Team building*	Innovation guided by strategic vision of leaders, responding to community health/wellbeing needs [CS, S] and business opportunities in the new competitive context [M]
	Greater freedom to experiment, test and take risks enabled by new SE leadership and culture [CS, M], mitigating risk averseness of public sector culture [S]
	Organisational innovations strengthen democratic participation and empowerment of staff [CS] encouraging new approaches staff to public service [S] and responsiveness to market opportunities and efficiencies [M]
	Organisations develop capabilities through building teams and recruitment of new staff with business expertise [M], as needed to respond to expectations of commissioners [S] and needs of users [CS]
	Staff remain committed to public service ethos [S] while also responding to the new competitive market context [M]
Financial management	Organisation generates a surplus from delivering existing contracted services [M] and staff vote [CS] on how to invest this to support innovation in public services [S]
Knowledge sharing and protection	Social enterprises share knowledge and innovations with other deliverers in line with their social mission [CS] and as requested by commissioners [S] although the logic of competitive business requires protection of knowledge capital [M]

4.2.1. Leadership, empowerment and team building to create a culture for innovation

The interplay of logics was apparent in terms of how innovation was enabled by the relatively new and more hybrid cultures that had developed subsequent to organisations having transitioned from the public sector. First, leaders (CEOs but also members of executive teams and service leads) were found to be particularly alert to the opportunities and challenges posed by the new context and able to 'combine' and/or selectively apply elements of co-existing logics through their styles of management and communications with others. The analysis shows how the vision of leaders was informed by health service need, as expressed and driven by public service commissioning policy, user community needs, and also a financial efficiency imperative in line with the logic of competitive markets. 'Guiding visions' which combined logics, and as promoted by leaders and executive teams, were often key in terms of stimulating and shaping the direction of innovative activity (notably in ACE, Navigo, SCH, TLS). There was a particular challenge in terms of promoting the legitimacy of a complex, more multi-faceted vision of wellbeing and communicating this to various stakeholders in terms of public health outcomes and also efficiencies more commonly associated with competitive business.

"I think Spectrum are quite visionary, so [CEO] *is a good Chief Executive, she's visionary, she's strategic, she's good at relationship management, and her managers underneath her are very good at taking her vision and turning it into a deliverable process with an end point and some output."* Commissioner, SCH

The second area of logic interplay found within organisational cultures relates to the empowerment of staff at all levels and support for service teams in a context where a premium was attached to new thinking and innovation. Staff, service leaders and teams were granted new freedoms and 'permission' to experiment, respond to opportunities and take risks. Organisational cultures and communities of practice had emerged that were less subject to the bureaucratic disincentives previously experienced by interviewees when in the public sector. The comment of one staff member particularly exemplifies a culture of empowerment that is conducive to a more fluid interplay between logics of clinical and service need (i.e. medical professionalism, public service and civil society) and of competitive business:

"We've created self-managed business teams […]. So not only are they able to make clinical and service decisions but they're also going to be able to make some commercial and business as well as financial decisions at that local team level." Staff, FCHC

New ideas were still subject to critical scrutiny, debate and testing (i.e. in line with state-enforced regulations and clinical standards), but with a new climate of risk-taking and experimentation, in contrast to

the prior experiences of many interviewees in the public sector. This new climate was often attributed to the SE and staff ownership models and is congruent with the civil society logic of empowerment and democratic involvement.

"[In the public sector] I don't think we'd have had the freedom to test and be as risky as we are. […] we're in control of our own destiny now, we come up with the solutions to that rather than them [commissioners] *telling us how to do it."* CEO, ACE

Some innovations were motivated in part by a desire to overcome aspects of public sector culture, practice and policy that were perceived in negative terms (e.g. including slow decision making and rigid hierarchies), as well as a desire to retain positive elements relating to 'collective good' and 'public service' which were refreshed and recombined with the new SE ethos (notably ACE, TLS, BH, Navigo, SCH). In the case of Navigo, a new service had been particularly influenced by critical perceptions of the shortcomings of practices that have come to dominate the UK public sector in recent years, including the outsourcing of ancillary services to private sector providers (i.e. a neoliberalising policy logic). This large mental health provider had established an SE work integration subsidiary to 'insource' its own catering, cleaning, horticulture and grounds maintenance, including traded services (cafes, retail outlets, etc). This responded to the needs of its mental health clients for vocational training and employment opportunities.

"And I suppose we've kept what was good in the NHS and got rid of what was rubbish really." Manager, Navigo

The third way in which hybrid organisational culture contributed to a more fluid and creative interplay of logics relates to the building of service delivery teams that combined diverse capabilities which, in turn, could be associated with particular logics, notably by recruiting new staff from the world of business as well as the social economy. In this way, organisations were better able to respond to the expectations of commissioners and service users, while also accommodating loyalties and values associated with the incumbent logic of public service and the challenger logic of civil society. At the same time, there was some evidence of tension, including from the greater involvement of volunteers and service users in service delivery and an aversion from some staff to the logics of the neoliberal state and the market.

4.2.2. Financial management

Greater flexibility and a more fluid interplay of logics was also apparent with respect to financial management, given the freedom of the new hybrid organisations to commit any surplus made from delivering contracts to the development of new services (notably in the cases of BH, Navigo, NCC, SA, SCH). In the new more autonomous context, SEs

had greater control over their own budgets and were therefore more able to take risks without jeopardising their financial position or damaging relationships with public sector commissioners. In this way, they were able to combine the logics of the market (i.e. generation of profit or surplus) with the logic of the state (the provision of public services) and civil society (delivering benefits to communities).

"We've used that surplus as well to do a lot, to do the innovation stuff […] I think we've invested nearly £60,000 this year in innovation." CEO, SA

In two cases, staff were involved in voting on how to re-invest a financial surplus in areas of social/community need that were perceived as insufficiently addressed by existing public health services (Navigo, NCC). This demonstrates a shift in the balance of logics, from the dominant incumbent logic of the public sector, with its emphasis on hierarchy and accountability to distant elected representatives, to the challenger logic of social value and local democratic involvement in decision making.

4.2.3. Knowledge sharing and protection

The core mission of SEs requires that they maximise the socially beneficial impacts of their interventions. Strategies for achieving this included a focus on increasing the scale and reach of established services to (quasi-) markets in other regions (which may also be in line with a business growth logic) or, alternatively, by sharing knowledge and innovative ideas with other delivery organisations and policy actors at national and even international levels.

"…and we have lots of people from all over the world to see our method. […] to see a different way of working. It is a subtle influence, we do not shout about it and we never advertised our services." CEO, Navigo

Some public service commissioners had also encouraged SEs to share their knowledge with other providers, especially when the development and testing of innovations had been supported by public funding. Tensions were apparent, however (notably in ACE, Navigo, NCC, TLS), around the need for co-operation and the desirability of freely sharing innovative ideas versus the business logic of protecting knowledge capital. Hence hybrid organisations face a more complex situation than their public sector counterparts and can be more reluctant to share knowledge with other delivery organisations (in private and civil society sectors) who may be innovation partners, but may also be bidding against them for public service contracts.

"The commissioners still work on, 'Oh, we're all in this together', you know, 'we're one big happy family', and I think that was where I was talking about being caught between a rock and a hard place, because absolutely yes, you know, we want to be working in partnership like we always have done, but actually in the next breath, they're likely to put that contract out to tender and we've shared all of our information with somebody else and they could win the contract, you know?" CEO, ACE

The tension between openness and sharing versus protecting useful knowledge in a competitive environment was identified by some interviewees as posing a significant and growing challenge for innovative SE providers of public services (i.e. CS versus M logic).

4.3. Relationships with key stakeholders

To address the third research question, we explore the external relationships that shape how hybrid organisations approach innovation. We find that these relationships are also spaces for the interplay of logics, with our analysis identifying the distinctive role played by funders, service users, and collaborations with other organisations involved in service delivery, as summarised in Table 6 and discussed in detail below.

4.3.1. Relationships with funders

At the time of the fieldwork, all eight cases were reliant on public service contracts for the bulk of their income but were also seeking to diversify and be less dependent on this one main source. Maintaining relationships with existing funders while also building relationships and legitimacy with potential new funders requires that hybrid organisations combine public service and market logics in order to continue to deliver their services while also diversifying and growing by winning new contracts. In six cases, interviewees described the positive relationships they had with sympathetic commissioners who were keen to support innovations where they saw potential to ameliorate some of the immediate and pressing problems faced by the public sector. In some cases, it was particularly apparent that commissioners wishing to drive innovation had been instrumental in encouraging re-thinking of existing approaches.

"The commissioners […] are very open to us having an approach where we can just try things out and that's quite an important part of the contracts […] they want us to try new stuff." Staff, SA
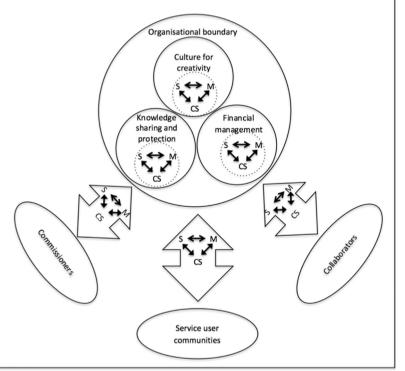
Thus SEs had to find ways of implementing the requirements of commissioners and their interpretations of central government policies on health provision, which also required the promotion of competitive markets for healthcare delivery. Some interviewees expressed concern at the extent to which commissioners appeared to be under pressure to achieve immediate financial savings, which could make it harder to secure support for projects where outcomes were less tangible and harder to demonstrate or were only likely to emerge over the longer term. The accounts of some interviewees revealed the tensions experienced when attempting to meet community health needs while also cutting costs and securing 'value for money' in the short term (i.e. a market or neoliberal state logic). Some commissioner interviewees also spoke openly about the tensions they experienced in their roles, notably with respect to promoting competition while also maintaining integration in health service provision and factoring in social value. Notwithstanding the value of a greater competitive interplay of institutional logics and potential benefits in terms of innovation, concern was expressed at the danger of fragmenting and undermining universal public service provision. Working with SEs was seen as one way of navigating these tensions within commissioning policy. Moreover, some of the SE cases were exploring the use of social impact measures in order to better demonstrate the less tangible and immediate outcomes of innovative services. For example, SCH was using social return on investment approaches to place a monetary value (i.e. a business logic)

Table 6
Relationships with key stakeholders and interplay between institutional logics.

Relationship	Interplay between logics [S] = State [M] = Market [CS] = Civil Society
Funders	Working in partnership with sympathetic commissioners [S] who invite solutions to solve specific health needs, but which also provide wider community benefits [CS]. They fund pilots [S] and also invite competitive bids for larger spending [M]
Service users	Service innovations shaped by increased emphasis on patient care [S], 'customer focus' [M] and, in some cases, democratic steerage of innovation and co-production with user communities [CS]
Delivery organisations/ partners	Service innovations particularly dependent on working closely with hospitals, other public sector providers [S] and private sector partners [M]; outreach innovations also depend on private sector partnering [M] and VSOs facilitating input from volunteers [CS]

Fig. 1. The interplay of logics in public service innovation.

on the social benefits provided (i.e. civil society or public logics).

4.3.2. Relationships with service users

The interview evidence supports that all eight cases were attempting (at least) to become more responsive to the needs of service users since having left the public sector, with some innovations being strongly motivated by the understanding of service needs as experienced by newly empowered frontline staff working closely with patients. In several cases users had been more deeply involved in the co-production (i.e. co-design and co-delivery) of new services (notably Navigo, SA, SCH) and playing active roles on boards of directors or governors (TLS).

The case of TLS was particularly notable in that this organisation's board of directors was entirely composed of service users, described by their CEO as "experts by experience" who played a key role in strategy and innovation. This further exemplifies the interplay between logics of civil society (community engagement) and of the market (responsiveness to customers) combined with the aim to meet the objectives of public service commissioners.

"The services here were diabolical 12 years ago [...] I told [the CEO] my ideas and it's just gone from strength to strength." Service user and board member, Navigo

"I think they've got tremendous strengths in terms of working very differently with disabled people from a very co-productive model. [...] they're very into real employment opportunities for people with disabilities and not tokenism; they are also operationally very effective." Commissioner, TLS

Finally, interplay and a changing balance between incumbent and challenger logics was also evident in a shift in terminology − e.g. from 'patients', as in the public sector, to 'customers' as more commonly deployed in private sector contexts.

"...we know we're a business. [...] the key is making sure that the staff are aware that each patient is a customer and we need to embed within them

that we want them to have a pleasant experience." Staff, NCC.

4.3.3. Collaboration with other delivery organisations

The interplay of logics was evident in the relationships and partnerships developed with other organisations involved in delivering services, whether of the public, private or civil society sectors. Effective collaboration often required SEs to build their legitimacy as newly independent providers and to accommodate and negotiate around the logics of partner organisations in different sectoral/societal domains.

"My projects rely very heavily on community buy-in and community leaders and voluntary sector organisations [...] And being a social enterprise and having those kind of ethics and values and everything else that we've got helps." Staff, ACE.

Challenges to prevailing norms and practices that arise from such interactions can further promote the creative interplay of logics and learning between delivery partners. There may also be an element of challenge to the dominant logics of partner organisations, with service innovations being particularly dependent on working closely with hospitals, other public sector providers and also with private sector partners. Notable examples of the latter were NCC and their partnerships with private sector care homes; and the outreach innovation of ACE to provide health advice to young people in the night economy which was dependent on close co-operation with local pubs and clubs.

5. Discussion

5.1. The interplay of logics within public service innovation

This paper has explored how innovation in public services needs to be understood by examining the role of multiple co-existing logics and how hybrid organisations are able to creatively combine and work with such logics. It is the distinctiveness of the interplay between logics

within hybrid SEs that makes innovation different to that in other service contexts where one logic, i.e. of the public or private sector, is more dominant.

Our research questions centred on how multiple logics might shape approaches to innovation within hybrid organisations. To address our first question (RQ1: How are the logics of the state, market and civil society manifested in the innovative activities of public service hybrid organisations?), we have empirically explored how the innovations introduced by the case study SEs emerged from the combined influence of three main logics: (i) an incumbent state or public sector logic, including a strategic focus on systemic challenges confronting the public health service; (ii) a business or market logic relating to commercial opportunities, financial efficiency and other operational requirements necessitated by independent enterprise status; and (iii) a civil society logic with a social/community ethos, emphasising the empowerment of staff at all levels and their enhanced ability to respond to user communities, and to experiment with new approaches to addressing wellbeing needs.

Unlike much of the previous literature on public service innovation and logic hybridity, we have focused on specific innovations as the main unit of analysis. In doing so, we address recent calls to explore the mechanisms by which logics are combined (Battilana et al., 2015; Thornton et al., 2013; Smith et al., 2013) by developing a framework for understanding how the interplay of institutional logics contributes to innovation, as shown in Fig. 1. This goes beyond the assumption that isomorphic pressures and regulation inevitably restrict innovation in public services (De Vries et al., 2015).

To address our second research question (RQ2: What are the organisational strategies and practices that enable the interplay of multiple logics in public service innovative activity?), our empirical analysis shows how the new organisational cultures of the hybrid SE cases have enabled a fluid and creative interplay of logics. The framework (Fig. 1) identifies three specific areas of organisational strategy and practice relating to culture and empowerment for creativity, the management of financial resources and knowledge protection and sharing.

Our analysis of the interplay of logics also highlights the role of external actors, thus addressing our third research question (RQ3: What are the inter-organisational relationships with external innovation actors that facilitate the interplay of logics in public service innovative activity?). A key element for social innovation in a hybrid context is therefore how SEs harness spaces of inter-organisational interplay to facilitate the contributions of diverse actors. Fig. 1 shows the three specific areas of strategy and practice involving relationships with funders, service users and other delivery organisations. This is an area that theory related to institutional logics and hybrid organisations has yet to fully engage with, although such relationships are crucial and distinctive to effective public service and social innovation, and particularly so in the current context of institutional and organisational turbulence.

First, we show the crucial role of funders − most notably the commissioners of public services, who are empowered to set the strategic agenda for innovation through their funding decisions. The evidence here is mixed. The 'discursive strategy' of some commissioners has been to encourage innovation by shaping the diagnostic framing of needs, identifying and defining problems, rather than prognostic framing whereby the solutions required are advanced (Snow and Benford, 1988). At the same time, commissioners themselves are faced with having to make difficult trade-offs between the demands of competing logics, i.e. how to support social-value directed experimentation and innovation while also prioritising cost-cutting and short-term financial efficiencies, as mandated by market and (neoliberal) state logics.

Second, we show how innovation is shaped by the interplay of logics occurring through relationships with other service delivery organisations, i.e. in the public, private and civil society sectors. Related to this, SEs have had to find ways to navigate between the market logic of protecting their knowledge capital (and potential competitive advantage) and the logics of civil society and the public sector which favours the sharing of ideas and experiences of innovation with other delivery organisations for wider benefit. By studying the interplay of logics, we are therefore able to illuminate the tensions between market and state logics in a context where public policy has been to increase the role of competitive tendering.

Third, there are implications for the changing role of service users − the patients, clients and customers of public service delivery organisations. The rigidities of professional boundaries and hierarchical cultures within the public sector have tended to prioritise the views of senior clinicians and managers, but with some scholars calling for further research on how service users and citizens may play a more active role (Reay and Hinings, 2009). This study has shown that much innovation is taking place within SEs to develop organisational structures that enable co-production and co-design. This trend signifies an increasing receptivity to the views and ideas of users who themselves are funding public services through the taxes they pay as citizens.

These pioneering SE cases therefore demonstrate important principles in relation to the practical benefits of the greater involvement of user communities in areas of service need that pose complex wellbeing challenges. The interview evidence supports that the new post-spinout cultures were less hierarchical and more open than was the case when organisations were part of the public sector, thus providing a more fluid context for the interplay of co-existing logics and with greater possibilities for creativity and experimentation.

5.2. Implications for public service innovation policy

Innovation is being demanded by policy makers, commissioners and civil society groups to help address pressures on public health services around the world, severe resource constraints, and in recognition of the scale and multi-dimensional nature of the wellbeing needs of individuals and communities.

In terms of implications for policy and practice within organisations, we contend that there is scope for cultures of employee and user engagement to be accorded greater priority in all public service delivery organisations, whether of the public, private or civil society sectors. The analysis and resulting framework identifies the strategies and practices common to innovating SEs. For example, building a culture of creativity in innovative teams requires leaders to recruit individuals who are comfortable and able to work with different logics, and to manage teams of individuals with diverse backgrounds that may be a source of tensions between logics. Financing innovation also requires leaders to explore and balance multiple logics (e.g. commercial versus social objectives) and to have clear policies for surplus generation and subsequent investment in innovation. However, the pressures of public spending cuts, alongside increasing demand for health services, makes profit/surplus generation particularly challenging. Organisations also need to have explicit strategies for knowledge protection and sharing, an area characterised by tension between social/public service and market/neoliberal state logics. At times there may be a commercial justification to protect intellectual capital, whereas at others the social and public good missions of organisations may provide a strong case for sharing.

In terms of relationships with external actors, understanding of the interplay of logics is vital in building constructive relationships with the public sector commissioners who play a key role in these new but

growing quasi-markets. Innovating organisations need to develop a good understanding of the objectives of these pivotal individuals when making the case for additional funds to support innovation or to build an evidence base. A better understanding of how multiple logics can be combined for productive ends can also inform strategies for collaboration with other delivery partners whether from the state, business or civil society sectors.

There are also implications for public policy more generally, notably with respect to encouraging innovation and the dissemination of useful knowledge. Given the considerable amount of public spending on health services, there are opportunities for those controlling these budgets to encourage innovation by funding the delivery of services by organisations that demonstrate an ability to work with the interplay of logics by spanning sectoral boundaries and enabling collaboration between multiple actors. Although this paper has focused on SEs as hybrid forms which may be particularly conducive to working with and combing different logics, we contend that the understanding developed is applicable to other types of organisation in the public, private and civil society sectors. Of particular importance is the need to integrate and balance bottom up, co-production models with a more centralised strategic direction without this becoming overly bureaucratic and stifling of innovation (Osborne and Brown, 2013; Potts and Kastelle, 2010).

This study has identified how public sector commissioners, through their funding decisions, have the ability to directly finance innovation or enable organisations to generate and retain a surplus that can then be re-invested in innovation. However, such funding entails risk and can be difficult to justify in an era of public sector austerity. Nevertheless, there remains scope for commissioners to encourage public benefit directed innovation through ensuring that smaller organisations with their distinctive contributions are involved in tender processes, and by utilising assessment criteria that reward social value and related innovation. This study show that some commissioners are willing to support innovation that may have longer term benefits, even when it may not be the lowest price in a competitive bidding process. However, this is not always the case. Commissioners can also support innovation through ensuring that knowledge is shared and that successful innovations are scaled-up and widely adopted. However, in a competitive quasi- market, the logic of the market can inhibit such collaborative approaches.

6. Conclusion

While innovation in public services and social innovation are seen as necessary to address complex societal and wellbeing challenges, there has only been limited research on the mechanisms involved. This paper shows how innovation in this context is shaped by different logics, not just of the state/public sector, but also logics of the market and civil society. Our analysis examines the innovation activity of newly created hybrid organisations and shows how the creative interplay of

Appendix A

logics, even when there may be tensions, contributes to alternative ways of mobilising resources for constructive ends. By examining specific service and organisational innovations, we fill a research gap on innovation related to the public domain, contributing to understanding of the interplay of logics both within organisations and in their relationships with external actors, notably the public sector commissioners who fund services, other service providers and the users of the public services themselves. This is particularly relevant to other national contexts with developing quasi-markets for the delivery of public services.

Despite the breadth and depth of the comparative case study approach, the research has some limitations which also lead us to identify some promising avenues for further research. The analysis is based on evidence from selected SE cases and is likely to be biased towards the more successful and innovative organisations due to the self-selection of those willing to participate in the research, therefore potentially underrepresenting less innovative and less successful SEs. At the time of the research fieldwork, public policy and funding for spin-out 'mutuals' in health and social care was relatively nascent and thus the vast majority of our sample consisted of organisations that had only been independent from the public sector for one to two years. Many had not yet reached the end of their initial NHS contract and the future viability of spin-out SEs, even those considered to be the most innovative, is not guaranteed. The growth and further development of public service hybrids is, to a large degree, dependent on how the different logics are played out in the wider institutional context and the quasi-markets involved.

Whilst our study has provided a rigorous snapshot of a relatively large sample of organisations, future studies could take a longitudinal approach to reveal more about the processes of public service/social innovation and how logics play out over time, particularly given the turbulence of the policy and organisational environment. Additionally, further research is required to determine how the relative influence of different logics on innovation processes varies between different types of public service delivery organisation. A comparative study of public, private and/or SE sector organisations would be a valuable addition to this line of research. It is also possible that the particular political and environmental context of English public policy has been instrumental in shaping the specific interplay of logics identified. There is therefore a need for further investigation through international comparative research.

Acknowledgements

Table A1

Profile of sample of 30 Social Enterprises (selected cases highlighted)

Organisation Reference	Case number	Main activity	Employees	Year of Establishment	Turnover	Legal form
Anglian Community Enterprise	1	Community healthcare	1100	2011	£50,000,000	CIC − CLS
Sirona Care & Health	2	Community health/social care	1700	2011	£50,000,000	CIC − CLG
Thurrock Lifestyle Solutions	3	Adults with learning disabilities	25	2007	£250,000	CIC − CLS
Sunderland Home Care Associates	4	Elderly home care	360	1994	£5,500,000	SIP
Sandwell Community Caring Trust	5	Residential respite & day care services	700	1997	£15,000,000	Charity − CLG
Salford Health Matters	6	Primary care (General Practitioners)	55	2007	£2,200,000	CIC − CLS
Six Degrees	7	Mental health	25	2011	£925,000	CIC − CLS
Your Healthcare	8	Community healthcare	600	2010	£25,000,000	CIC − CLG
Provide (Formerly Central Essex Community Services)	9	Community healthcare	1250	2011	£47,000,000	CIC − CLS
Inclusion Healthcare	10	Primary healthcare	15	2010	£900,000	CIC − CLS
Bromley Healthcare	11	Community healthcare	850	2011	£30,000,000	CIC − CLS
Social Adventures	12	Mental health	50	2011	£272,940	Industrial & Provident Society − Bencomm
Spectrum Community Health	13	Community drug/alcohol services	170	2011	£8,000,000	CIC − CLS
Navigo	14	Mental health	500	2011	£21,000,000	CIC − CLG
Chime Social Enterprise	15	Services for disabled people	46	2011	£2,700,000	CIC − CLG
John Taylor Hospice	16	End of life care	170	2011	− -	CIC − CLS
41 Nottingham CityCare	17	Community services	1300	2011	£36,000,000	CIC − CLG
CHUMS	18	Children's mental health	40	2011	£1,200,000	CIC − CLS
Phoenix Social Enterprise	19	Adults with learning disabilities	40	2011	£600,000	Charity − CLG
First Community Health and Care	20	Community healthcare	300	2011	£16,000,000	CIC − CLS
Peninsula Community Health	21	Community healthcare	2082	2011	£87,000,000	CIC − CLG
Livewell Southwest (formerly Plymouth Community Healthcare)	22	Community healthcare	2000	2011	£90,000,000	CIC − CLG
Pure Innovations	23	Adults with learning disabilities	200	2005	£6,000,000	Charity − CLG
Balance	24	Adults with learning disabilities	16	2013	− -	CIC − CLS
Salvere	25	Social care	40	2011	£1,000,000	CIC − CLS
Pointnorth CIC	26	Primary care	4	2006	£100,000	CIC − CLG
Accelerate CIC	27	Specialist service	10	2011	£888,000	CIC − CLG
Oldham Community Leisure	28	Leisure	350	2002	£7,000,000	Industrial & Provident Society − bona fide
Jesmond Community Leisure	29	Leisure	62	1992	− -	Charity − CLG
Freedom Leisure	30	Leisure	2500	2002	£40,000,000	IPS Bencomm

References

Bartlett, W., Le Grand, J., 1993. Quasi-markets and Social Policy. Palgrave Macmillan.

Bate, P., 2000. Changing the Culture of a Hospital: From Hierarchy to Networked Community 78. pp. 485–512.

Battilana, J., Dorado, S., 2010. Building sustainable hybrid organizations: the case of commercial microfinance organizations. Acad. Manage. J. 53, 1419–1440.

Battilana, J., Lee, M., 2014. Advancing research on hybrid organizing − Insights from the study of social enterprises. Acad. Manage. Ann. 8, 397–441.

Battilana, J., Sengul, M., Pache, A.C., Model, J., 2015. Harnessing productive tensions in hybrid organizations: the case of work integration social enterprises. Acad. Manage. J. 58, 1658–1685.

Bauer, A., 2015. Field description In health care. part 2 of deliverable 5.1 of the project: 'Impact of the third sector as social innovation' (ITSSOIN). In: European Commission–7th Framework Programme. Brussels : European Commission, DG Research.

Besharov, M.L., Smith, W.K., 2014. Multiple institutional logics in organizations: explaining their varied nature and implications. Acad. Manage. Rev. 39, 364–381.

Billis, D., 2010. Towards a theory of hybrid organizations. In: Billis, D. (Ed.), Hybrid Organizations and the Third Sector. Challenges for Practice, Theory and Policy. Palgrave Macmillan, Basingstoke, pp. 46–49.

Bode, I., 2006. Disorganized welfare mixes: voluntary agencies and new governance regimes in Western Europe. J. Eur. Soc.Policy 16, 346–359.

Borins, S., 2001. Encouraging innovation in the public sector. J. Intellectual Capital 2, 310–319.

Bovaird, T., 2007. Beyond engagement and participation: user and community coproduction of public services. Public Adm. Rev. 67, 846–860.

Bryman, A., 1989. Research Methods and Organization Studies. (Routledge New York).

Carroll, D.A., Stater, K.J., 2009. Revenue diversification in non-profit organizations: does it lead to financial stability? J. Public Administration Res. Theory 19, 947–966.

Coombs, R., Harvey, M., Tether, B.S., 2003.. Analysing distributed processes of provision and innovation. Ind. Corporate Change 12, 1125–1155.

De Vries, H., Bekkers, V., Tummers, L., 2015. Innovation in the public sector: a systematic review and future research agenda. Public Administration 94, 146–166. http://dx.doi.org/10.1111/padm.12209.

Department of Health, 2006. Our Health, Our Care, Our Say: a New Direction for Community Services. HMSO, Norwich.

Department of Health, 2008. High Quality Care for All NHS Next Stage Review Final Report. HMSO, Norwich.

Doherty, B., Haugh, H., Lyon, F., 2014. Social enterprises as hybrid organizations: a review and research agenda. Int. J. Manage. Rev. 16, 417–436.

Eikenberry, A.M., Kluver, J.D., 2004. The marketization of the non-profit sector: civil society at risk. Public Adm. Rev. 64, 132–140.

Eisenhardt, K.M., 1989. Building theories from case study research. Acad. Manage. Rev. 14, 532–550.

Friedland, R., Alford, R.R., 1991. Bringing society back in: symbols, practices, and institutional contradictions. In: Powell, W.W., DiMaggio, P.J. (Eds.), The New Institutionalism in Organizational Analysis. University of Chicago Press, Chicago, pp. 232–263.

Greenwood, R., Diaz, A.M., Li, S.X., Lorente, J.C., 2010. The multiplicity of institutional logics and the heterogeneity of organizational responses. Organiz. Sci. 21, 521–539.

Hall, M., Holt, R., 2008. New Public Management and cultural change: the case of UK public sector project sponsors as leaders. In: Windrum, P., Koch, P. (Eds.), Innovation in public sector services Entrepreneurship, creativity and management. Edward Elgar Publishing.

Hunter, D.J., 2013. Will 1 April mark the beginning of the end of England's NHS? Yes. Br. Med. J. 346, f1951.

Jay, J., 2013. Navigating paradox as a mechanism of change and innovation in hybrid organisations. Acad. Manage. J. 56, 137–159.

Jones, M.B., 2007. The multiple sources of mission drift. Nonprofit Voluntary Sect. Q. 36, 299–307.

Le Grand, J., 2007. The politics of choice and competition in public services. Political Q. 78, 207–213.

Le Grand, J., 2013. Will 1 April mark the beginning of the end of England's NHS? No. Br. Med. J. 346, f1975.

Leys, C., Player, S., 2011. The Plot Against the NHS. Merlin Press.

Miller, F.A., French, M., 2016. Organizing the entrepreneurial hospital: hybridizing the logics of healthcare and innovation. Res. Policy. http://dx.doi.org/10.1016/j.respol.2016.01.009.

Miller, R., Millar, R., 2011. Social enterprise spin-outs from the English health service. a Right to Request but Was Anyone Listening? Health Services Management Centre. University of Birmingham, Third Sector Research Centre (Working Paper 52).

Murdock, A., 2010. The challenge of leadership in the third sector. In: Brookes, S., Grint, K. (Eds.), The New Public Leadership Challenge. Palgrave.

Mutuals Taskforce, 2012. Public Service Mutuals: The Next Steps. Cabinet Office, London.

Needham, C., 2008. Realising the potential of co-production: negotiating improvements in public services. Social Policy Soc. 7, 221–231.

Nicholls, A., 2010. Institutionalizing social entrepreneurship in regulatory space: reporting and disclosure by community interest companies. Acc. Organ. Soc. 35, 394–415.

Osborne, S.P., Brown, L., 2013. Handbook of Innovation in Public Services. Edward Elgar Publishing.

Osborne, S., 2006. The new public governance? Public Manage. Rev. 8, 377–387.

Pache, A.C., Santos, F., 2013. Inside the hybrid organization: selective coupling as a response to competing institutional logics. Acad. Manage. J. 56, 972–1001.

Pestoff, V., Bransen, T., Verschuere, B., 2012. New Public Governance, the Third Sector and Co-production. Routledge.

Pestoff, V., 2009. Towards a paradigm of democratic participation: citizen participation and co-production of personal social services in Sweden. Ann. Public Cooperative Econ. 80, 197–224.

Potts, J., Kastelle, T., 2010. Public sector innovation research: what's next?, innovation. Manage. Policy Pract. 12, 122–137.

Reay, T., Hinings, C.R., 2005. The recomposition of an organizational field: health care in Alberta. Organ. Stud. 26, 351–384.

Reay, T., Hinings, C.R., 2009. Managing the rivalry of competing institutional logics. Organ. Stud. 30, 629–652.

Resh, W.G., Pitts, D.W., 2012. No solutions, only trade-offs? evidence about goal conflict in street-Level bureaucracies. Public Adm. Rev. 73, 132–142.

Rittel, H.W.J., Webber, M.M., 1973. Dilemmas in a general theory of Planning. Policy Sci. 4, 155–169.

Roy, M., Donaldson, C., Barker, R., Kay, A., 2013. Social enterprise: new pathways to health and wellbeing? J. Public Health Policy 34 (1), 55–68.

Seibel, W., 2015. Studying hybrids: sectors and mechanisms. Organ. Stud. 36, 697–712.

Sepulveda, L., 2015. Social Enterprise − A new phenomenon in the field of economic and social welfare? Social Policy Administration 49, 842–861. http://dx.doi.org/10.1111/spol.12106.

Simmons, R., Birchall, J., Prout, A., 2012. User involvement in public services: 'Choice about voice'. Public Policy and Administration 27, 3–29.

Simmons, R., 2008. Harnessing social enterprise for local public services. Public Policy Administration 23, 278–301.

Skelcher, S., Smith, S.R., 2015. Theorizing hybridity: institutional logics, complex organizations, and actor identities: the case of nonprofits. Public Administration 93, 433–448.

Smith, S.R., Lipsky, M., 1993. Nonprofits for Hire: The Welfare State in the Age of Contracting. Harvard University Press.

Smith, W.K., Gonin, M., Besharov, M.L., 2013. Managing social-business tensions: a review and research agenda for social enterprise. Bus. Ethics Q. 23, 407–442.

Snow, D.A., Benford, R., 1988. Ideology, frame resonance, and participant mobilization. Int. Social Movement Res. 1, 197–217.

Sorenson, E., Torfing, J., 2011. Enhancing collaborative innovation in the public sector. Administration Soc. 43, 842–868.

Thornton, P., Ocasio, W., 2008. Institutional logics. In: Greenwood, C., Sahlin-Andersson, K., Suddaby, R. (Eds.), The SAGE Handbook of Organizational Institutionalism. Sage Thousand Oaks, pp. 99–129.

Thornton, P.H., Ocasio, W., Lounsbury, M., 2013. The Institutional Logics Perspective: A New Approach to Culture, Structure, and Process. Oxford University Press, London.

Thune, T., Mina, A., 2016. Hospitals as innovators in the health-care system: a literature review and research agenda. Res. Policy. http://dx.doi.org/10.1016/j.respol.2016.03.010.

Townley, B., 1997. The institutional logic of performance appraisal. Organ. Stud. 18, 261–285.

Tracey, P., Stott, N., 2017. Social innovation: a window on alternative ways of organizing and innovating. Innovation 19 (1), 51–60. http://www.tandfonline.com/doi/full/10.1080/14479338.2016.1268924.

Tracey, P., Phillips, N., Jarvis, O., 2011. Bridging institutional entrepreneurship and the creation of new organizational forms: a multilevel model. Organ. Sci. 22, 60–80.

UNISON, 2011. Mutual Benefit? UNISON, London.

Vangen, S., Huxham, C., 2012. The tangled web: unravelling the principle of common goals in collaborations. J. Public Administration Res. Theory 22, 731–760.

Vickers, I., Lyon, F., 2014. Beyond Green Niches? Growth strategies of environmentally-motivated social enterprises. Int. Small Bus. J. 32, 449–470.

Vigoda-Gadot, E., Shoham, A., Schwabsky, N., Ruvio, A., 2005. Public sector innovation for the managerial and post-managerial era: promises and realities in a globalising public administration. Int. Public Manage. J. 8, 57–81.

Vigoda-Gadot, E., Shoham, A., Schwabsky, N., Ruvio, A., 2008. Public sector innovation for Europe: a multinational eight-country exploration of citizens perspectives. Public Administration 86, 307–329.

Von Hippel, E., 1988. The Sources of Innovation. Oxford University Press, New York.

Walsh, K., 1995. Public Services and Market Mechanisms. Macmillan, London.

Weber, E.P., Khademian, A.M., 2008. Wicked problems, knowledge challenges, and collaborative capacity builders in network settings. Public Adm. Rev. 68, 334–349.

Weisbrod, B., 1998. To Profit or Not to Profit? The Commercial Transformation of the Non-profit Sector. Cambridge University Press, New York, NY.

Windrum, P., Koch, P.M., 2008. Innovation in Public Sector Services: Entrepreneurship, Creativity and Management. Edward Elgar Publishing.

Yin, R., 1994. Case Study Research: Design and Methods Sage. (Beverly Hills, CA).

van der Have, R.P., Rubalcaba, L., 2016. Social innovation research: an emerging area of innovation studies? Res. Policy 45, 1923–1935. http://dx.doi.org/10.1016/j.respol.2016.06.010.

Ziegler, R., 2017. Social innovation as a collaborative concept. Innovation: Eur. J. Social Sci. Res. http://dx.doi.org/10.1080/13511610.2017.1348935.