

HYBRID VENTURES

Edited by Andrew C. Corbett
and Jerome A. Katz

ADVANCES IN ENTREPRENEURSHIP,
FIRM EMERGENCE AND GROWTH

VOLUME 19

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ADVANCES IN ENTREPRENEURSHIP, FIRM EMERGENCE AND GROWTH

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EMERGENCE AND GROWTH VOLUME 19

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INTRODUCTION TO THE VOLUME ON HYBRID ORGANIZATIONS

Hybrid organizations are an area of research that is marked by enormous intellectual vigor. One measure of this is that this series has visited the topic twice in six years, with coverage of “Social and Sustainable Entrepreneurship” in Volume 13 (Lumpkin & Katz, 2011), and the current Volume 19 focused on hybrid organizations.

In Volume 13’s introduction, Lumpkin and Katz noted that the form of hybrid organization of greatest interest to entrepreneurship researchers, social ventures, could be traced back to Seymour Sarason’s (1972) *The Creation of Settings and the Future Societies*. Sarason differentiated social entrepreneurship from social change by noting the former operated by achieving social changes through peoples’ involvement with organizations rather than through wholesale societal change.

Sarason’s approach, which looked at an organization that had social as well as business goals, presaged the classic delineator of a social venture, often called the double bottom line (Emerson & Twersky, 1996), or when sustainability is added, the triple bottom line (Battilana & Lee, 2014; Elkington, 1998a, 1998b), which was the concept used in the original Call for Papers for this Volume. That effort to delineate and balance social, environmental and business goals represents the defining characteristic of social ventures as hybrid organizations.

As noted in the original Call for this Volume, some contend that the three forms of values are not distinct, cannot be separated, that all enterprises have some form of each (Emerson, 2003), and that entrepreneurs create dysfunctional effects for society when they do not pursue a hybrid approach that seeks blends of the three forms of value (Beaver & Jennings, 2005; Khan, Munir, & Willmott, 2007; Zahra & Wright, 2015). On the other hand, some question whether the act of entrepreneurship and starting a venture alone is a social good (Corbett, 2016). McMullen and Warnick extend this question even further argue that researchers and practitioners should avoid setting up norms or obligations that require entrepreneurs to create hybrid value and hybrid organizations (2016). These authors argue that the social component

of entrepreneurship should instead be an aspirational ideal instead of a legislated obligation (McMullen & Warnick, 2016).

Regardless of perspective, what is clear is that the growth of interest and work in hybrid organizations has been notable, even profound. Over the past 15 years, new journals have emerged in the area including (* marks Emerald journals):

- *International Journal of Innovation and Sustainable Development* (2005)
- *International Journal of Social Entrepreneurship and Innovation* (2011)
- *Journal of Asia Entrepreneurship and Sustainability* (2005)
- *Journal of Cultural Heritage, Management and Sustainable Development** (2010)
- *Journal of Social Entrepreneurship* (2010)
- *Social Enterprise Journal** (2005)
- *World Journal of Science, Technology and Sustainable Development** (2003)
- *World Journal of Entrepreneurship, Management and Sustainable Development** (2004)
- *World Review of Entrepreneurship, Management and Sustainable Development* (2004)

In addition, there have been multiple special issues of existing journals including *Entrepreneurship and Regional Development* (Ratten & Welpe, 2011), *Academy of Management Learning and Education* (Lawrence, Phillips, & Tracey, 2012), *Journal of Business Ethics* (Pless, 2012), *International Small Business Journal* (Shaw & de Bruin, 2013) and *Journal of Rural Studies* (Steiner, Farmer, & Bosworth, 2016), and 2,870 articles since 2011 with “social entrepreneurship,” “social venture,” or “sustainable venture” in the title, according to Google Scholar.

Together, these efforts reflect a period of intense and extensive work on the concepts related to hybrid organizations with an entrepreneurial bent. While the *Advances* series often focuses on clarifying, defining and updating what constitutes the mainstream in entrepreneurship, in a rapidly emerging field such as hybrid organizations, we felt it made more sense to tap into the growing stream of empirical and conceptual work in a way that would bring out a volume displaying the intellectual range of current work in hybrid organizations, and we believe the volume achieves that end admirably. Below we provide summaries of the chapters in this volume.

Our opening chapter by Cao, Gehman and Grimes (2017) provides a strong foundation for future researchers to examine hybrid ventures by detailing the emergence of certified B Corporations, exploring their various forms

and proposing a typology of hybrids. The authors construct a thorough history of the development of B Lab showing how it morphed from an idea to a movement to formal certification process. Cao and colleagues (2017) summarize well the codification of B Corporations and brings us to the current state where thousands of companies are certified across the globe.

After setting this foundation, the authors then analyze the current set of certified firms in part to answer the question of “How do entrepreneurial ventures address the challenges of “standing out” and “fitting in?” As a result of their analysis of over 700 B Corporations, Cao and colleagues (2017) develop a typology that helps both scholars and practitioners understand the unique challenges leaders of hybrid ventures need to address as they growth their organizations. From the data, the authors provide prescriptions for founders and CEOs regarding the choices they need to make respect to how to position and market their organization depending upon its industry and geographic location. In sum, by distilling the evolution of B Corporations and examining some of the compelling first challenges founders of such organization have, this first chapter provides a base for the following chapters.

While our first chapter examines the history and evolution of hybrid ventures and also delved deeply into strategic issues founders need to make regarding how to promote their burgeoning business. In chapter 2, Tyler and his colleagues (2017) examine questions essential to scholars and all types of stakeholders by demonstrating the need to better understand various forms of hybrid business models. Throughout the chapter, the authors emphasize the need to better understand a firm’s true priority of purpose and how the firm will stay accountable to those stated purposes.

Perhaps more importantly, the authors examine questions around the colliding priorities of revenue flow and doing social good. Through an exposition of business models and legal forms, the authors inquire as to how ventures and their decision makers are held accountable for staying true to their priorities and who can enforce such accountability. The chapter exposes that corporate social business forms prioritize flexibility over social good leaving a gap around accountability. Tyler and colleagues (2017) end their chapter by advocating for a clarity of purpose and legal accountability for social ventures and provide an initial roadmap to help achieve it, including proposing a “social primacy company” that does prioritize social good and legal accountability thereto.

Chapter 3 examines the issue of innovating within a hybrid organization as it evolves over time. Newth, Shepherd and Woods (2017) examine how successful social ventures adapt as shifts in the market, political landscape and competition put negative pressure on their historically successful missions, campaigns, projects and products. The authors take a case-based approach

and investigate one of the world's largest and most successful international non-governmental organizations (INGOs) and World Vision New Zealand (WVNZ). Their child sponsorship program evolved over decades to become one of the most successful combatants of extreme poverty but as it entered the new millennium it had lost its luster. With this case as their backdrop, the authors address the question of how to explain and address the challenges to new business model development in hybrid organizations.

Building upon the work of others who have used an institutional logic approach to researching hybrid organizing in social ventures, Newth and his colleagues (2017) migrate some related concepts from complexity theory to investigate the case of WVNZ. Viewing the organization and its actors through the concept of structural attractors, the authors show that the success of the prior products and programs constrain innovation as underlying logics constrain the purported changes in management, governance and strategy.

Our next chapter looks to develop a more complete understanding of the nexus between hybrid ventures and Indigenous ones. Here in Chapter 4, Colbourne (2017) constructs a conceptual model that focused on generating insights into the interrelationships and interdependencies that influence the formation of Indigenous hybrid ventures. The author details value creation strategies that encompass Indigenous rights, indigenous community orientations and indigenous hybrid venture creation considerations.

Using cases from across the globe, Colbourne (2017) shows how Indigenous entrepreneurs worldwide have developed hybrid ventures as vehicles to address community well-being through acting on their sovereignty and inherent rights to promote self-governance and self-determination over the social, cultural, economic and environmental resources contained within their traditional territories. This chapter provides insights into the underlying global trends that have influenced the design, structure and mission of Indigenous hybrid ventures. By doing so, the chapter provides a foundation for the future examination of this unique and important hybrid form.

As prior literature notes, and the previous chapters in this volume suggest, there is often a tension within hybrid organizations as they attempt to execute on two different missions. As Tyler and colleagues (2017) tell us in Chapter 2, this conflict most often arises when stakeholder attempt to make decision that put revenue flow and social good at odds with each other. In Chapter 5, Dao and Martin (2017) show that social enterprises that find ways to increase the overlap between their two business models will gain synergies that lead to effectiveness and efficiency benefits associated with single-business model organizations. As such, the authors create and test a method for comparing the degree of synergy across business models.

In testing their method, Dao and Martin (2017) also show the degree to which business model synergy varies across organizations. In an effort that might inform future deductive studies on business model synergy effects, they also outline patterns that exist in the way social and commercial models are integrated. Dao and Martin (2017) also develop propositions for further theoretical and practical study of the integration of hybrid business models. For practitioners, the synergistic perspective of this chapter helps social entrepreneurs to generate and develop new social business models from their start-up ideas and may also help them to maintain strategic “balance” in pursuing their dual missions.

Our next chapter breaks new ground in the study of hybrid ventures by examining a phenomenon not often seen in the hybrid literature and charting a new course. Dentoni and his colleagues (2017) bring forward data from cases to explore, explain and define the various innovative processes that underlie resources deployment during consumption. Taking the concept of hybrid ventures in a new and fertile direction the authors term these processes of resource deployment as “consumer entrepreneurship” and define it as the *process of sharing and recombining resources innovatively to seek opportunities for self-creating user value*.

Using data from various reports and case studies, the authors suggest that consumer entrepreneurship stems from the need of consumers to enact a social logic, fueled mainly by their universal and benevolent values, and a utilitarian logic, which pushes them to seek more price, quality and process information on the products that they use. Along a continuum between these two logics, the organization of sharing varies from more informal (and thus with wider consumer engagement in entrepreneurial practices), when a social logic prevails, to more formal when a utilitarian logic dominates. Dentoni and his colleagues (2017) show that consumer entrepreneurship contributes a novel perspective on hybrid organizations by viewing them as everyday spaces where consumers create heterogeneous forms of (utilitarian, social, or environmental) value that they personally use as opposed to reward exchanges. As such, the chapter opens up entirely new avenues through which researchers can view hybrid venture research.

In our final chapter, we come full circle from Chapter 1. In Chapter 1, Cao and colleagues (2017) examine issues of positioning and strategy for hybrid ventures but do so after providing an exhaustive history of the B Corporations. In many ways this first chapter sets the background and evolution of hybrid ventures that strive for both an economic and social good. Here, in our final chapter, Bergman (2017) sets a research platform for the future bringing forward many questions to examine whether or not hybrid ventures truly can be agents of change. This inter-organizational research

agenda is designed to allow scholars to substantiate or debunk the rhetorical claims of hybrid entrepreneurs as Schumpeterian “agents of change”.

Highlighting three “innovations” that hybrid entrepreneurs and their ventures bring to organizational fields – (1) a hybrid identity, (2) a hybrid organizational form, and (3) a hybrid logic – this chapter identifies inter-organizational research questions and scholarly conversations that will help the field uncover whether hybrid entrepreneurs are indeed “agents of change” or just a slight change to the agents that have comprised economies and societies of the last several decades.

Each of the chapters in this volume provides novel insights while also opening up new avenues of debate. We believe that the combined work of all of the authoring teams moves the research on hybrid ventures forward. We hope that you enjoy their research!

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