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# Hybrid organizations: concept and measurement

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## Abstract

**Purpose** – The purpose of this paper is to find a new conception of hybridity to set ground for further systematic research. The concept of hybrid organisations is used in many ways. This leads to confusion among scholars and the term of hybridity appears to be meaningless and useless for research and practice.

**Design/methodology/approach** – In this explorative research design, the authors conducted 11 interviews with managing directors and managers of hybrid organisations in four different countries across Europe.

**Findings** – Each and every organisation is hybrid but to different degrees and with different patterns. It is important to measure hybridity to give value to the term of hybrid organisations. According to input, process and output dimensions, the authors could classify possible dimensions of hybridity measurement within organisations.

**Research limitations/implications** – The developed cube model serves as a new point of departure for hybrid organisation research and helps to build analytical types of hybrid organisations. The research has been highly explorative, and the limited number of cases researched leads to the requirement of further validation on a broader basis. In addition, the still rather conceptual state of the cube model will need further validation by means of a set of hybridity indicators.

**Originality/value** – The paper presents a way to deal with the question about what hybridity exactly is and whether hybridity is a term that has an analytical value. It also provides the first attempt to connect more analytical meaning to the concept of hybridity by suggesting an approach to concretely measure it.

**Keywords** Governance, Stakeholders, Business ethics, Organizational theory, Strategy, Accounting

**Paper type** Conceptual paper

## Introduction

The phenomenon of hybrid organisations is increasingly discussed in the academic literature (Evers, 2008; Billis, 2010a, 2010b; Boyd *et al.*, 2009; Bromberger, 2011; Skelcher, 2012; Glänzel and Schmitz, 2012; Schmitz, 2013; Jäger and Schröer, 2013; Jay, 2013). Some authors state that we are facing a "hybrid movement" (Battilana *et al.*, 2012);

however, in the literature, many different meanings and definitions of hybridity can be observed. Generally spoken, the term describes the combination of "elements" that have usually been perceived as separated from each other. Thus, many combinations are possible and it depends on the perspective which specific combination is meant and relevant for the empirical or conceptual description. "Given the variety of hybrid forms, the nature of hybrids, their advantages and disadvantages, and the rules that influence their form, must be assessed on a case-by-case basis" (Masten, 1996, p. 12).

As a result, the debate on hybridity is very diverse and covers many different topics. Some authors discuss hybridity as contracts and partnerships between markets and hierarchies (e.g. subcontracting, networks of firms, franchising, collective trademarks, alliances or cooperatives) (Ménard, 2004). In another research stream, it is characterised as a combination of public and private elements; those hybrid organisations are partly public and partly private (Emmert and Crow, 1987). Joldersma and Winter (2002, p. 83) describe them as "organisations that combine a public orientation with a market orientation". In this sense, apart from emphasising the orientation of an organisation, Kickert (2001, p. 135) defines hybrids as "organisations that exist in the intersection of two distinct spheres – the public and the private". In accordance with this research vein also, Koppell (2003) refers to the provision of public services by private organisations. He defines such a type of hybrid organisation as follows:

> […] an entity created by […] government […] to address a specific public policy purpose. It is owned in whole or in part by private individuals or corporations and/or generates revenue to cover its operating costs (Koppell, 2003, p. 12).

To sum up, this research stream associates the term "hybridity" with private–public partnerships. Skelcher (2005) differentiates between five types of public–private partnerships, i.e. public leverage, contracting-out and competitive tendering, franchising, joint ventures and strategic partnering. Since then, the term has especially been linked to the provision of public services.

A third research stream, which is of special interest here, perceives hybridity as a combination of economic and social features. Cooney (2006, p. 145) defines hybrids as "nonprofit social service organisations that combine business enterprises with a social purpose mission". Also, Smith (2010) states the following:

> Hybridization in nonprofit organisations also is indicative of the widespread interest in social entrepreneurship and social enterprise that has led to countless organisations with nonprofit and for-profit feature (Smith, 2010, p. 219).

Dees suggests a hybridity spectrum with the two extremes of non-profit features and commercial features (Dees, 1998). "Hybrid organisations, as we are using the term, are formal organisations, networks or umbrella groups that have both for-profit and nonprofit components" (Dees and Anderson, 2003, p. 18).

However, the combination of for-profit and non-profit components opens the possible spectrum of hybrid organisational settings also to discourses on, e.g. corporate social responsibility, social business, social entrepreneurship or corporate citizenship, all of which are increasingly discussed both in practice and among scholars. New concepts continue to emerge which refer to similar processes or concepts, such as creating shared value (Porter and Kramer, 2011), sustainability, corporate social responsiveness, venture philanthropy, corporate social performance, corporate philanthropy or for-benefit corporations.

Given these different streams of research on hybrid organisations, it is no surprise that the concept of hybridity is losing its meaning and value. The question as to what hybridity means for and in organisational studies has not yet been satisfactorily answered, and there were no systematic approaches to typologise the multiple different forms of hybrid organisations or to systematically explore organisational hybridity as a concept. Therefore, in this paper and based on the hybridity cube model of Glänzel and Schmitz (2012), we develop indicators for measuring hybridity which are informed by empirical research on hybrid organisations. By doing so, an ideal type of strong hybridity can be outlined.

## Hybrid organisations – state of research

Although it has recently gained importance, research on hybrid organisations is still at an early stage and did, in fact, emerge until the mid-1990s (Dees *et al.*, 1998). Today, we find more "organic hybrids" (i.e. organisations that were classical, or pure, voluntary organisations and now turned to be more business-like) and also "enacted hybrids" (hybrid start-ups, i.e. organisations that were set-up as combinations of sector elements right from the beginning (Mullins *et al.*, 2012).

The most comprehensive approach on hybrid organisations comes from Billis (2010a, 2010b) who distinguishes between three main types of research approaches in the field of hybrid organisations:

(1) approaches putting hybrid organisations on a point on a continuum between sectors (e.g. Dees, 1998, with the hybrid spectrum and many other approaches in the social entrepreneurship literature);

(2) single-sector approaches according to which hybrid organisations occur because of environmental changes affecting one specific sector, such as the private, the public, or the third sector; and

(3) approaches which postulate a separate sector of hybrid organisations to replace the old sector metaphors.

Evers (2005), for instance, argues that the third sector itself is inevitably of a hybrid nature and an intermediate structure that borrows elements from other sectors.

This shows that the description of hybridity frequently refers to sectors. Hybrid organisations are perceived as "intermediate forms" (Wamsley and Zald, 1973). This is why the discourse on hybrid organisations is often linked to the ideal-type construction of sectors revealing their corresponding logics and specifics. In general terms, hybrid organisations are:

> […] heterogeneous arrangements, characterized by mixtures of pure and incongruous origins, (ideal)types, "cultures", "coordination mechanism", "rationalities", or "action logics" (Brandsen *et al.*, 2005, p. 750).

Hybrids are perceived as actors combining different logics (Skelcher, 2012; Smith, 2010; Brandsen and Karré, 2011; Jay, 2013; Pache and Santos, 2010), as they blur the boundaries of distinct sectors with different logics (Weisbrod, 1998; Dees, 1998; Nederveen, 2001; Anheier and Then, 2004; Emerson, 2004; Billis, 2010a, 2010b). Because they are not entirely and exclusively assigned to one sector, these organisations are somehow open in many directions and are obviously capable of combining sector logics in an almost equally weighted way (Glänzel and Schmitz, 2012).

To formulate a working definition of hybrid organisations, we can conclude that hybrid organisational forms combine elements from at least two different sectors (i.e. they combine sector logics, values or rationalities). However, this working definition includes at least two challenges:

(1) Scholars expect tensions and conflicts to arise predominantly when organisational arrangements combine sector logics (Zahra *et al.*, 2009; Battilana and Dorado, 2010; Battilana *et al.*, 2012; Pache and Santos, 2013) and the demands from multiple stakeholder groups are then difficult to balance (Bridgstock *et al.*, 2010).

(2) It must be clear which elements belong exclusively to each respective sector.

In that regard, Billis (2010a, 2010b) has made an important contribution, as he argues that organisations have become more hybrid in recent years but nevertheless have "roots and have primary adherence to the distinctive principles – the 'rules of the game' – of just one sector" (Billis, 2010a, 2010b, p. 3). Hence, they may appear hybrid but in times of crisis are expected to show their primary adherence. In contrast, Glänzel and Schmitz (2012) doubt that organisations would clearly show their primary adherence. Such an adherence could be a reaction to the specific type of crisis an organisation may be confronted with. Furthermore, it is doubtful whether a clear sector adherence can at all be identified by any indicator, except for the legal form of an organisation (which depends on the specific legal conditions in a country). In fact, there are organisations that freely combine "elements" from very different sectors (Schmitz and Glänzel, 2010) that are used to formulate sector definitions.

The major problem with combing sector logics is that the sector definitions are controversial (Brandsen *et al.*, 2005). Furthermore, the number of sectors is controversial too. While some authors distinguish between economy, state and third sector (Etzioni, 1973; Pestoff, 1992; Evers, 1995; Billis, 2010a, 2010b), institutional theorists like Thornton *et al.* (2005) distinguish between six different sectors with their respective logics, i.e. markets, corporations, professions, state, family and religion.

Additionally, prototypical cases of organisations which show features of just one sector can hardly be found. Skelcher (2012) discussed this problem in more detail referring to Crouch (2005). For Skelcher (2012, pp. 14-15), there is a danger of confusing "ideal types with empirically observable institutions […]. The argument, then, is that at an empirical level, hybrid entities are the norm and ideal types the exception".

This conclusion has a powerful implication for research: from an empirical perspective, all organisations are hybrid. What needs to be measured, however, is the degree and pattern of hybridity of an organisation. This is why for the analysis of hybridity another approach, which goes further than the three concepts distinguished by Billis (2010a, 2010b), will be used; our perspective is different because it is based on the assumption that empirically every organisation is hybrid. Thus, the next step is to develop an approach for measuring and identifying patterns of hybridity.

### Towards measuring hybridity
According to the continuum models, the idea of measuring the degree of hybridity can also be found in the entire existing spectrum of hybridity (Alter, 2004; Dees, 1998). Billis' (2010a, 2010b) distinction between shallow and entrenched hybridity can also be regarded as a kind of differentiation between a low and a high degree of hybridity of

organisations. However, he does not provide clear indicators to measure these degrees. In the literature, there are many continuums, but clear indicators for measuring hybridity are rarely to be found. Therefore, it is essential to begin by outlining existing approaches which define hybridity by specifying relevant dimensions.

Perry and Rainey (1988, p. 185) argue that "important organisational properties such as goals, decision processes, and structure" are elements that need to be taken into account when analysing hybrids. Evers (2008) suggested distinguishing four dimensions of hybridisation, i.e. organisational characteristics or processes predominantly affected by hybridisation: resources, goals, governance and identity. It is necessary to emphasise these dimensions in an explicit way to define hybrids, as the term "hybridity" is frequently used without explaining what exactly is meant by it (Honingh and Karsten, 2007). In the literature, some further dimensions with reference to which hybrid organisations differ are mentioned: financing, ownership and organisational structure (Thomasson, 2009).

Billis (2010a, 2010b) differentiates between five core organisational elements relevant for the analysis of hybrid organisations, i.e. ownership, governance, operational priorities, human resources and other distinctive resources. In the context of hybridity, Dees (1998) regards the social enterprise spectrum as relevant. According to him, hybridity can be described by means of at least seven dimensions, i.e. motives, methods, goals, beneficiaries, capital, workforces and suppliers. In hybrid organisations, motives vary between goodwill and self-interest, the methods reveal and mix mission and market orientation, and their goals mix social and economic value creation. The four following stakeholder dimensions indicate that:

(1) The group of *beneficiaries* is a mixture of full payers and those who do not contribute financially.

(2) The *capital providers* include those providing capital below market rate, those providing donations, and those providing market-rate capital.

(3) *Workforce* includes employees receiving below market wages, a mix of volunteers and fully paid staff.

(4) *Suppliers* include a mix of those giving special discounts, in-kind and full-price suppliers (Dees, 1998).

While a blended value creation can be located on the *output* side of a hybridity model, the other dimensions provide interesting pointers as to which *inputs* are mixed within a hybrid organisation.

Three dimensions seem to be interesting when trying to classify the different above-mentioned hybridity dimensions:

(1) input factors such as resources and interests;

(2) processes such as governance procedures; and

(3) output factors in terms of value creation on different levels.

Table I shows these different hybrid organisational dimensions.

The input dimensions are very much diversified, whereas the output and process dimensions are not elaborated very well. However, when analysing organisations concerning hybridity, we can draw a rough distinction between organisational *means*, organisational *objectives* and organisational *processes*:

- First, hybridity may refer to the relation between *resources* in the wider sense (including knowledge, expertise, legitimacy and trust) and their systematic and methodical use by an organisation (what is used and how?); we may speak of "hybrid organisational means" when resources are derived and sourced from different sectors and combined in an organisation's core activities. As an illustration, we may refer to Anheier's (2005, p. 184) account of various organisational elements: primarily, the organisational structure, decision-making and accountability systems, types of participants, modes of motivation and the form of resourcing, are prototypical means which an organisation employs and may arrange in a hybrid manner.

- Second, organisations may qualify as hybrids when their *objectives* are defined according to different sector logics, i.e. various different objective functions (self-interest, common welfare) are equally valued and pursued. Examples can again be given in Anheier's (2005) terms: hybrid organisations recombine the business and the non-profit worlds with respect to their objective functions, outputs, distribution criteria, external orientation and goal characteristics.

- Third, organisations have to make decisions. In hybrid organisations, the decision-making processes are regarded to be more complex because different stakeholder views and opinions need to be balanced against one another. Governance issues are addressed (Low, 2006; Mason *et al.*, 2007; Mason, 2009; Kooiman, 2008; Cornforth and Spear, 2010). Thus, hybrid organisations recombine decision-making cultures, structures and governance models which as such are commonly attributed exclusively to one sector.

These ideas of hybridity are integrated in the hybridity cube model (Figure 1). In addition, these concepts and the dimensions of the cube model have also other origins in the literature. First, from the organisational means perspective (i.e. material – but more importantly immaterial – resources such as values, methods, rationalities and practices), we consider it useful to adhere to the concept of three distinct societal sectors (Etzioni, 1973; Pestoff, 1992). Even if it is difficult to draw clear boundaries between sectors or to describe specific sector logics in detail here, we argue for the basic usefulness of the concept as a heuristic tool.

Second, the organisational objectives perspective is also captured in sustainability. As to impact, the link to the widely acknowledged triple bottom line concept (see

| Dimensions of hybrid organisation elements | | | |
|---|---|---|---|
| Input | Process | Output | Other |
| Human resources | Decision Processes | Goals | Identity |
| Other resources | Governance | | Structure |
| Financing, capital | Operational Priorities | | |
| Ownership | | | |
| Motives | | | |
| Beneficiaries | | | |
| Workforces | | | |
| Suppliers | | | |

**Table I.**
Dimensions of hybrid organisation elements mentioned in the literature

Emerson, 2004; Elkington, 1997) suggests itself. This concept commonly distinguishes between the economic, the social and the environmental bottom line.

Third, the last dimension refers to the organisational value chain in depth: with the value chain position dimension, we adopt a process or value chain model and slightly adapt it (e.g. see, value chain model by Porter, 1985 or the St. Gallen management model; Rüegg-Stürm, 2005). This dimension distinguishes between inputs (resources), processes (how to operate) and outputs (results and outcomes). Inputs (particularly investor and supplier relations), processes (operations, staff, etc.) and outputs (consumer, beneficiary and societal relations) are, of course, closely intertwined.

Taking the cube model as a starting point, we decided for an explanatory approach and interviewed chief executive officers from hybrid organisations, such as fair-trade organisations, green energy suppliers or microfinance organisations, that combine social and environmental rationalities. These interviews were aimed at providing further insights as to how hybridity can be captured in organisational settings and how patterns of hybridity can be uncovered by the presented cube model.

## Method

Based on our research agenda, the case selection was rather explorative, as at the time of the research, in 2009/2010, the field was virtually unexplored. On the basis of our assumptions on hybridity, we identified a number of fields in which hybridity seems to occur more often than in others: fair trade or fair fashion, social finance, work integration and sustainable economic development. In each of these fields, we selected three to five cases appearing to meet our hypothetical criteria and conducted some piloting research on them. This formed the basis for the final sampling of two to three cases in each field. Finally, 11 cases were analysed. Table II gives an overview on these cases:

The first phase of the analysis consisted in a content analysis of collected documents on the cases to prepare interviews, each of which was to be conducted applying an individual set of additional questions alongside a set of standard core questions. Data were collected, and 13 in-depth interviews of 90 to 120 minutes each were conducted between September 2009 and March 2010. Each interview was conducted by two researchers to ensure a basic level of inter-researcher objectivity (Helfferich, 2005).

To increase the objectivity and to ensure validity, the interviews were followed up and analysed in several discussion rounds with interviewers and fellow researchers: a discussion round was conducted immediately after each interview to jointly identify and record the main themes and major outstanding points; then one round within the project team of four researchers to discuss main themes and to link them to the overall research
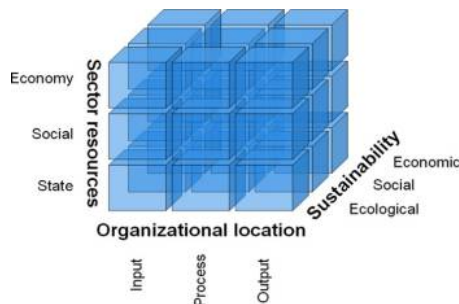


**Figure 1.**
Cube-model of organisational hybridity

| Organisation No. | Field of activity | Turnover (€, 2012) | Employees (2012) | Legal form(s) | Founded in |
|---|---|---|---|---|---|
| Organisation 1 | Sustainable apparel | 70m | 324 | GmbH[a] | 1976 |
| Organisation 2 | Work integration | n/a | n/a | Charity | 1981 |
| Organisation 3 | Financial services | 218.2m[b] | 250 | Cooperative | 1975 |
| Organisation 4 | Renewable energy | 95m | 70 | Cooperative | 1999 |
| Organisation 5 | Fair trade | n/a | 20 | GmbH[a] | 1977 |
| Organisation 6 | Work integration | 29.5m | 663 | Association | 1987 |
| Organisation 7 | Financial services | 80m[a] | 44 | Bank, charity | 2002 |
| Organisation 8 | Investment company | 56,000 | n/a | AG[c] | 2006 |
| Organisation 9 | Gastronomy | 3.1m[d] | 91 | GmbH[a] | 1998 |
| Organisation 10 | Childcare | | | gGmbH[e] | 1998 |
| Organisation 11 | Fair trade | 21.6m | 140 | PLC | 1979 |

**Notes:** [a]Ltd; [b]social finance institutions (banks, investment funds, etc.) do not have a turnover in the strict sense; the figure provided here refers to social investments made in 2012 (loans, equity investment, etc., disbursed to target groups); [c]corporation; [d]2013 figure; [e]Charitable Ltd

**Table II.**
Overview of
organisation cases

setting as well as to previous and coming interviews (Lucius-Hoene and Deppermann, 2002). Then, a final discussion was held to discuss all findings and relate them to the overall research process and research questions. To validate some of the more unexpected or controversial findings arising from the first interviews, these findings were also discussed with interviewees in subsequent interviews.

## Findings
The indicators of hybridity derived from our empirical analysis are sorted in accordance with the organisational location dimension (input, process and output). The *input* perspective covers indicators of hybridity that can be perceived as immaterial resources which are necessary for an organisation to persist and continue to act. Immaterial resources are predominantly associated with human beings who think and act according to different logics resulting from their respective socialisation (values, norms and habits); the *process* perspective refers to the way in which these immaterial resources are related to each other. Organisational structure, culture and communication as well as decision-making processes are of interest here. The output perspective takes the results of the organisational action and how these results are measured and presented into consideration. The organisational location dimension shows whether organisations can be defined as hybrid through their operations or whether hybridity is just detectable in inputs, processes or outputs. Therefore, this dimension is defined as the integrity dimension.

### Input perspective
Most of the interviewees reported that there is a deep loyalty of stakeholders to their organisation. The stakeholders are exceedingly interested in the actions of their organisation and demand that they are involved in the decision-making processes. Especially the connection to *activists and social movements* is an important factor for hybrid organisations:

> There's that community of activists, it's absolutely vital. We would not look anything like we do today without them. (Organisation 1)

This does not only apply to activists; the investors' perspective is also different from the perspective of classic non-profits, on the one hand, and of pure for-profits, on the other:

> Sometimes, we have a feeling that we could pay a little bit higher dividend to the members, but the members say, "No, no, we don't want any higher dividend. We like you to do the best you can with the money, and the dividend is a secondary issue". (Organisation 3)

Investors in hybrid organisations do not invest because of the financial return. They do so because of the social cause the organisation serves. In addition, the selection of investors is a delicate process for hybrid organisations, which want engaged investments and value matching:

> We want to select investors who we can work together with, so that there is engaged investment; it's not just a passive investment. So we are looking at organisations who have similar objectives to us; who may become co-investors in deals that we do; who may have skills or introduction sources that can help us and we can help them. So it's around a growing relationship rather than a passive relationship. (Organisation 7)

The selection of investors prevents conflicts with investors and ensures autonomy. Most interviewees reported that they fear dependence on banks or other investors. They claim independence to be the "biggest asset" (Organisation 4) they have.

As to board members and employees, it is integral to hybrid organisations to mix professional backgrounds. A mix of different perspectives within the board and among the employees is important for the direct implementation of different rationalities and logics within the organisation:

> And it is important which type of employees one has, because on the one hand side we have the believers that work for us, because they support the cause, but they eventually do not have the professional background. And on the other side there are those employees that have the professional background, but have nothing to do with ecology. I believe we have here in our organisation a good mix. It is a real good balance, which one needs. (Organisation 4)

> [On the board] we have people from different walks of life, with different skills and experience. (Organisation 2)

Hybrid organisations actively create a balanced mix of different people, which has an impact on the organisations' recruiting strategies. Key employees are often required to have a very diverse and broad background to ensure that they can handle the different complex logics combined within one organisational setting.

This perspective is also frequently mentioned on the customer or client side. Organisations actively integrate the customer perspective into their decision-making processes. Often customers contribute radical and critical social movement perspectives. Organisation 4 states that they have the "most critiquing customer base that one can imagine". This enters decision-making as one source for further development and improvement for the organisation.

The problem arising from these diverse perspectives which we perceive as inputs is how to integrate them – is there a dominant logic? Organisation 7, for instance, reported that the charity part of the organisation holds a golden share of the for-profit organisation and thus can influence its structure. The problem of integrating different

perspectives has to be resolved within the processes of organisations, namely, their governance.

*Process perspective*
After five years of existence, Organisation 11 found that to run the organisation as a whole in an effective and efficient way, a mixed management team was required, including one charity management part and one business management part. To ensure that the day-to-day decisions were made in accordance with these commonly accepted goals, it was necessary to create a common identity and mission. A new manager was appointed, as the old management team was perceived to favour either the charity or the business part of the organisation.

It is one thing to take the diversity of inputs as a fact, but it is another matter to take them as an opportunity and to actively ask different stakeholder groups for their opinion. Most of the interviewed hybrid organisations actively seek dialogue and discourse with their stakeholders (especially Organisations 4, 5, 8 and 11). By doing so, they create occasions for encounters. Thus, most governance structures are democratic. Also, cooperation partners are selected because they have democratic governance structures. Lounsbury (2007) speaks of contracting practices, which are important in understanding an organisation:

> Well, in principle we only support democratic structures, also in production structures, no private economy structures. (Organisation 5)

Most interesting is an organisation's legacy – its core identity – which continues to be present and to influence the organisation's actions and behaviour:

> But my experience of hybrids, so for example in terms of plants, is that sometimes, for example, if you graft a rose on a stem, the old stem and the old rose have a habit of reappearing at a later date. (Organisation 11)

The stakeholder base is often pushing an organisation towards integrity and consistency. A very environmentally-oriented organisation describes this as follows: "[…] we need to consider: recycling paper, newest solvent-free printing techniques and so forth […]". (Organisation 4) However, "keeping the two cultures here in tension, actually, we think creates a hybrid culture". (Organisation 11)

From another rationale perspective, most interviewees report that the business side and the social or environmental side go hand in hand and depend on each other. Hence, to find the balance between different logics is part of the business model itself. It is, for instance, also a challenge for an organisation's staff members, who have different backgrounds, to balance two different logics. The professional banking background, for example, is important, but it has to be blended with the social perspective. However, it is a challenge to successfully create such a balance and not to become too naïve by overrating the social cause of an organisation in favour of the credit scoring. This would result in losses for the bank and ultimately erode its financial basis of operation.

*Output perspective*
With the process perspective concerning the balancing different inputs in mind, it is no surprise that the output perspective is portrayed as the challenge of creating and reporting shared value:

[W]e were the first trading company in Britain to produce social accounts and have them audited, so the triple bottom-line, sort of, wider accounting. (Organisation 11)

For Organisation 8, it is important that "sustainability reports do not just contain dead words rather than facts". External support for auditing is also very common and is important to verify results, especially because there are no commonly accepted standards for reporting beyond financials. Additionally, it is also important for the dialogue with other stakeholders. Organisation 11 believes that their "biggest impact actually wasn't fair trade. It was social accounting. Because look at how that's changed things". (Organisation 11) And what is more striking: "The motivation for social accounting came from our charity side […]." (Organisation 11)

This is an interesting example illustrating how hybrid organisations live up to the insight that there is an interdependence between social, environmental and economic values. With respect to an organisation as a whole, one chief executive officer (Organisation 11) stated that it is a symbiotic relationship between the business and the charity part. Both parts rely on and mutually strengthen each other, however, only if each part can be run according to its specific rules. Their success is based on value creation in at least two of the three areas, and this is why reporting is an important instrument for stakeholder dialogue:

And so, fair trade sales give us much more political clout in our direct lobbying activities, as well, and particularly in the UK. (Organisation 11)

Organisations' hybrid way of thinking has an influence on political decisions. The same is true for corporations. Corporations understand that doing business in a more hybrid way can be successful, at least in their specific understanding of success. As a consequence, hybrid organisations constantly have to deal with trade-off decisions:

If the social value of what we do is sufficient, we may decide to accept that deficit and to fund that deficit from other activities. […] [T]here are certain criteria below which the social return and social impact should not fall. (Organisation 2)

These trade-offs do not come without discussions within an organisation. Thus, the process perspective is of importance to create a governance model that is capable of dealing and balancing the different perspectives and trade-off decisions to be made. Again, the communication with stakeholder groups on the organisation's results in terms of triple-bottom line is of core importance:

That tension between, if you like, the mission and the money is very often the root of problems and we really do have to walk trustees through this and get them to understand why it's helping to strengthen the organisation even if it's not attractive for them. (Organisation 7)

### Discussion

The findings presented along inputs, processes and outputs dimensions, offer an interesting picture of how hybrid organisations deal with diverse perspectives and logics. Concerning inputs, interviewees reported to balance the different stakeholder perspectives from the inside, either by finding a good mixture of staff in terms of staff members with different backgrounds and logics or by employing some kind of "hybrid professionals" who incorporate both perspectives. Also, Battilana *et al.* (2010) argue that recruitment strategies are important in the analysis of hybridity. New staff socialised in other areas may bring in controversial ideological perspectives. As a consequence, these

have to be matched against the social or the economic background of the organisation. Based on this, we develop our first proposition.

The stakeholder groups that represent different logics can be perceived as "carriers of logics" (Scott, 2003) or "carriers of hybridisation" (Lewis, 2010, p. 221). They facilitate the flow of practices, principles and logics across sectors and, therefore, are important for combinations of these factors within a specific organisation:

> *P1.* Hybrid organisations combine different immaterial inputs and they use the resources of diverse carriers of logics.

As to the output side, interviewees reported that their organisations create blended value and that no real priority is given to one of these created values. The created values depend on each other and are relevant for the organisations' survival and their *raison d'être*:

> *P2.* Hybrid organisations create blended value while equally valuing each value type. The creation of blended value is perceived as an integral part of the organisations' identity and their raison d'être.

*P1* and *P2* have a strong implication for the process perspective. To reintegrate the diverse perspectives of stakeholders, i.e. immaterial inputs, and to ensure the creation of blended value, hybrid organisations use democratic and participatory governance models:

> *P3.* Hybrid organisations favour democratic governance models to integrate diverse stakeholder perspectives and the power of dialogue to bring these into balance.

*P3* uncovers the interdependencies between the different perspectives. Hybrid organisational means (immaterial resources) cannot be fully deployed without equally integrating and balancing these resources. Without this balance within the processes of the organisation, there will be no real blended value. In addition, the creation of blended value has implications for attracting immaterial resources in the future in the same way as it had in the past:

> *P4.* According to the cube model, strong hybridity means that there is hybridity at the same time in input, process and output relations. For strong hybrid organisations, there is no dividing line between hybridity within input, process and output dimensions. All three dimensions are strongly intertwined.

For example, accountability issues are important to attract new investors and to convince them to renounce a higher dividend payment because of the social or environmental impact the organisation generates. This example makes also clear why transparency is highly important for strong hybrid organisations. Within the organisations we analysed, we found transparency measurements regarding inputs, processes and outputs the like. Therefore, we propose the following:

> *P5.* To generate trust and to inform and influence external stakeholders, strong hybrid organisations are "transparency machines".

These propositions contribute to a more precise picture of hybridity. In fact, *every organisation is to a certain extent hybrid because due to various reasons every organisation employs elements from different sectors and functions according to various logics, at least to a minimum extent.* A promising approach to distinguish between

various *degrees* (or later even *types*) of organisational hybridity is to analyse the *relation* between different sector elements and to study the particular *patterns* according to which an organisation combines sector logics; this means that instead of considering *what* elements are present in a checkbox-like manner, we have to investigate *how* they are combined and *how* their relationship is designed and governed over time.

In other words: typically, there are several sector logics at work; however, they are neither autonomous nor equally valued, thus resulting in what we call a state of weak organisational hybridity. This *asymmetry of sector logics*, as expressed in dominant and instrumentalised organisational goals, is prevalent in multiple forms and increasingly to be found in both markets and the third sector organisations. Thus, there is a broad and growing spectrum of organisations featuring this weak form of hybridity and leading or contributing to the overall impression of blurring sector boundaries on the aggregate level. A for-profit organisation, for instance, which invests in social responsibility is still a for-profit organisation whose *raison d'être* is profit maximisation.

The reverse conclusion is that *a strong hybridity consists in the approximation to symmetry between sector logics within one organisation*. Consequently, in this strict sense, one can speak of *strong hybridity* if and when organisational objectives defined in accordance with different sector logics are *equally valued* and pursued to a certain extent *autonomously*; this will be referred to as the *logics symmetry condition*. However, even organisations that come closest to our notion of hybridity do not meet that strict criterion.

What does this imply for measuring hybridity? The qualitative analysis gives us at least a preliminary answer to our initial question as to what hybridity within organisations means and as to how it can be measured. So far, the result of the analysis is that the presented cube model can serve as a good starting point. Furthermore, on the basis of the findings, an overview of possible indicators can be presented (Table III).

As to the input side, it is most important to mention that the listed material resources serve as "carriers of immaterial resources" (i.e. logics, interests, values or rationalities). On the process side, the legal form of an organisation is an important indicator, as various regulations especially correspond to the legal status. There are many possible refinements of indicators for the output side. Gauthier (2005) mentions the following traditional areas of analysis with regard to environmental performance: energy

| Input | Process | Output |
| --- | --- | --- |
| Mix of employees' and boards' professional backgrounds | Predominance of democratic principles | Blended value creation |
| Mix of investor preferences (social vs. financial return) | Inclusion of stakeholder voices in decision making processes | Understanding of each created value as dependent on other created values |
| Amount of different financial sources (fees, earned income, donations, etc.) | Actions and measures aiming at the involvement of stakeholders | In-depth reporting on blended value creation |
| Contracting strategies | Triggering stakeholder dialogue | Searching for new indicators and enhancement of common reporting practices |
| Connection to social movements and supporter groups | [selection (and probably combination) of legal forms] | Making results accessible to stakeholders |

**Table III.**
Indicator set for measuring hybridity

footprint, raw materials footprint, water footprint, production of polluting agents, production of toxic products and production of waste (Gauthier, 2005, p. 200). Social criteria include the:

> […] existence of a corporate code of conduct, the involvement of different levels of hierarchy, dialog with employees, the lack of racial or sexual discrimination, the insertion of people in difficulty (physically or mentally disabled persons […]), further education and training and the level of the employees […] existence of codes of conduct when dealing with clients, suppliers, or distributors for example (Gauthier, 2005, p. 201), as well as health and safety criteria.

## Conclusion

In this paper, a cube model for analysing organisations was presented, which serves as a starting point to separately analyse organisational hybridity according to the organisations' inputs, processes and outputs. On the basis of the findings, a measurement approach for hybridity could be outlined. The paper provides a contribution to the discussion on hybrid organisations, as it presents a possible method for capturing hybridity. Furthermore, answers to the questions as to what hybridity exactly is and as to whether hybridity is a concept that has an analytical value are suggested. By doing so, various issues, such as social enterprises, social entrepreneurship, social business or corporate social responsibility, are captured.

This descriptive model holds a strong potential to illustrate what makes an organisation hybrid in comparison to other organisations (e.g. to distinguish rather weak forms of hybridity, such as "lip-service" corporate social responsibility, from strong forms of hybridity) and what the differences between various types of hybridity actually consist of. The model serves as an initial attempt towards a distinction model for different types of hybridity and illustrates where strong hybridity is at work and where it is not; however, for this purpose, a valid set of indicators revealing these differences is needed. Moreover, the different indicators have to be in some way linked to the concept of sectors. But, sector definitions are far from being clear. As an alternative, one would have to construct different categories for proxy or indicator assignment. Thus, detecting such proxies and indicators for operationalising the model is a major challenge for further research.

Hybrid organisations intentionally and systematically recombine social, environmental and economic elements because they recognise the interdependency between the corresponding spheres. Here, this notion of recombination is only to some extent equivalent to Schumpeter's concept because creative destruction is only one part of it; it is equally important to unite again what, in fact, was never separate, i.e. to recognise and work with the interconnections between social, environmental and economic systems. Hybrids aim at the internalisation of (at least a part of) externalities, at breaking with silo thinking (Emerson, 2004) and at adopting a holistic approach that principally excludes the notion of externalities. In short, hybrid organisations proactively capture the complexity which has always been inherent to society and has been increasing in recent years. Therefore, hybridity is nothing else than the logical consequence of acknowledging the complexity of society.

Thus, as to future research, the insights presented in this paper will have to be further investigated, both empirically and theoretically. The next empirical step will be to test the presented set of indicators and to search for further possible indicators to actually operationalise the cube model which must remain open so that the various sub-cubes

can be further differentiated to enhance the heuristic and typological value of the model. This must be based on further theoretical reflections: because of the complexity of the constituents of hybridity and their interrelations and because of the heterogeneity of observable forms, as outlined above, there is still no comprehensive theory of hybridity. Although some basic ideas, starting points and hypotheses were presented in this paper, it must be acknowledged that they are still of a highly hypothetical nature. Another interesting research topic is the development of a society background model for capturing the trends towards and also away from higher degrees of hybridity. In general, it is crucial to highlight the components of society which significantly affect organisational behaviour, culture and structure. This theoretical background is still to be elaborated, both as an end in itself and to feed future empirical investigation.

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