ACKNOWLEDGEMENTS

ABSTRACT

The theme for this thesis is the characteristics of successful hybrid organizations and how they can sustain their hybrid nature. Hybrids surpass the boundaries between typical for-profit and non-profit entities, by being both market-oriented and mission-centered. They may be promising vehicles of multiple value creation, but the organizations need to walk a fine line to maintain their hybrid nature. The aim of this study is to contribute to the understanding of the nature and potential of hybrid enterprises, and the extent to which they are offering alternative approaches for addressing economic, social and environmental needs. Through a phenomenological and explorative research design, I have conducted individual interviews with five entrepreneurs who have experienced success with their hybrid business in Latin America. The following research question has been developed:

What are the characteristics of hybrid organizations, and how do they sustain their hybrid nature?

The study links existing theories of hybrid organizations with empirical evidence, and shows that these organizations are characterized by having realistic visionaries as founders, an innovative business model and the environmental and social mission embedded in the organizational identity.

Key factors in understanding how they sustain their hybrid nature are related to activity system and organizational identity. Companies can sustain their hybrid nature by designing business models that have integrated social, environmental and commercial activities. Lastly, identifying and communicating organizational values are particularly crucial for the viability of hybrid organizations.

Keywords: Hybrid organizations; multiple institutional logics; business models; organizational form

SAMMENDRAG

Temaet for denne oppgaven er hva som kjennetegner suksessrike hybride organisasjoner og hvordan de kan opprettholde sin hybride natur. Hybride selskaper visker ut skillene mellom tradisjonelle bedrifter og ideelle organisasjoner, ved å både fokusere på marked og misjon. De kan være lovende medium for å skape verdi på tvers av forretningsmodellen, men de må balansere en fin linje for å kunne ivareta sin hybride natur. Målet med studien er å bidra til forståelse av potensialet til hybride organisasjoner, og vise i hvilken grad de tilbyr alternative løsninger på økonomiske, sosiale og miljømessige problemer. Gjennom et fenomenologisk og utforskende forskningsdesign har jeg gjennomført individuelle intervjuer med fem entreprenører som har opplevd suksess med sin hybride virksomhet i Latin-Amerika. Følgende problemstilling er utformet:

Hva kjennetegner hybride organisasjoner, og hvordan kan de opprettholde sin hybride natur?

Studien knytter eksisterende teorier om hybride organisasjoner mot empiri, og viser at disse organisasjonene ofte er preget av å ha entreprenører som er realistiske visjonærer, innovative forretningsmodeller og miljømessig og sosial visjon innebygd i organisasjonens identitet.

Sentrale faktorer i å forstå hvordan de opprettholder sin hybride natur er knyttet til organisasjonenes aktivitetssystem og verdigrunnlag. Bedriftene kan lettere opprettholde sin hybride natur ved å konstruere forretningsmodeller med integrerte sosiale, miljømessige og kommersielle aktiviteter. Avslutningsvis er det å identifisere og kommunisere organisasjonens verdigrunnlag spesielt avgjørende for levedyktigheten til hybride organisasjoner.

Nøkkelord: Hybride organisasjoner, multiple institusjonelle logikker, forretningsmodeller, organisasjonsform

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1.0 INTRODUCTION

1.1 BACKGROUND

Policy makers and scholars have attempted to come up with different strategies for addressing global social and environmental problems, with varying success. What has become evident, is that many of these global issues cannot solely be solved with charity, government aid, or foundation grants, and that the solution to some of these problems may be found in business. New organization forms are emerging in order to meet the demands of a more social and environmental friendly way of doing business, creating new fields of studies for scholars.

In the recent years, corporate sustainability has been promoted with social corporate responsibility programs (CSR) and sustainable business impact assessments. Corporate sustainability has become mainstream and is looked upon as something "necessary for business". Yet, the current view on corporate sustainability is more about strategic management, than changing the unsustainable business practices (Haigh & Hoffman 2012). Hybrid enterprises bring the sustainable business to the next level, as they are combining multiple logics of value creation in their business model, creating economic, social and/or environmental value. Hybrid organizations often focus on the long-term profitability, instead of short-term profit. The goods or services they offer are often of high quality, meaning that the life circle will be longer, and this is having a less impact on the environmental footprint (Boyd et al. 2009). There is a common belief that many of these organizations can contribute positively to some of the most pressing challenges that we face today, for instance issues related to poverty, food security and environmental degradation (Hoffman et al. 2010; Hoffman & Haigh 2010; Jay 2012).

The hybrid organizations challenge traditional business models, as they are combining mission and markets to create multiple forms of value. The companies use market forces to solve social and environmental issues, and engage in commercial activities to sustain their operations (Battlilana & Dorado 2010). Even though hybrids appear to be promising vehicles

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of multiple value creation, their various missions may threaten their hybrid nature. The organizations need to walk a fine line; the companies should not compromise the social mission in search of profit, nor should they focus so much on it that they do not manage to financially sustain their social activities. Furthermore, these organizations face other challenges that may endanger the sustainability of the organization, related to financing, legal framework and organizational culture (Battlilana & Dorado 2010) and responding to divergent demands from institutional environments (Jay 2012).

1.2 CONTRIBUTION

Several researchers have studied alliances between non-profit and traditional for-profit businesses that create social or environmental value (Borys & Jemison 1989; Ménard 2012). However, less attention has been drawn to companies that bridge multiple organizational motives in one single enterprise, especially when it comes to dealing with the multiple logics in the hybrid organizations (Doherty et al. 2014) and how the internal organizational dynamics affect the companies (Besharov & Smith 2013). Furthermore, there have been several case studies of hybrid organizations that address social problems (Battlilana & Dorado 2010; Battlilana et al. 2012; Doherty et al. 2014; Eldar 2014), but these studies mostly ignore organizations addressing environmental issues.

Research on hybrid organizations that have a social and environmental mission while generating income to sustain their operation is a nascent field of study (Boyd et al. 2009). Currently, there is a gap in the literature in understanding these types of hybrid organizations. For instance, how do they measure their social and environmental impact? What are the common pitfalls and challenges hybrid organizations face? Due to multiple missions, these organizations often face different demands from their external environments. A central question is how these multiple demands affect the organizations' ability to carry out their social and environmental mission.

On this basis, the study aims to contribute to the understanding of the nature and potential of these hybrid enterprises and the sustainability of these organizational forms. The study will point out the distinctiveness of hybrid enterprises and connect existing research on hybrid enterprises to empirical evidence.

1.3 RELEVANCE

This thesis is relevant within several areas. Theoretically this thesis responds to call for research on the challenges hybrid organizations face and to the understanding of how social enterprises measure their social performance (Haigh et al. 2013). The study also respond to a call for research on the sustainability of hybrid organizations (Battlilana & Dorado 2010) and will therefore contribute to the understanding of the viability of these organizational forms.

Empirically, this testis can extend the literature to other locations, as most of the current or prior research data on hybrid organizations is U.S. based (Greenwood et al. 2010). The research until now has focused on social enterprises, typically microfinance companies and non-profits that generate income (Battlilana & Dorado 2010; Battlilana et al. 2012; Lee 2014; Tracey et al. 2011). This research will therefore give important insight into companies that not only bridge social and economic values in their business model, but also environmental value.

Practically, the thesis is relevant for entrepreneurs considering starting a hybrid organization. The entrepreneurs from this study may be viewed as role models for creating successful sustainable businesses, giving incentives for people interested in starting this kind of organization. Knowing how the organizations are arranged and common challenges and pitfalls may help the potential entrepreneurs in making conscious choices about how to create and govern these kinds of organizations. Moreover, the thesis is also relevant for policy makers, contributing to the understanding of how to create an environment that is fruitful for companies that tackle social and environmental issues in their business model.

1.4 RESEARCH QUESTION

Following the research conducted on hybrid organizations, many questions are surging, especially regarding the nature of these organizations and the challenges and possibilities they face. Therefore, the following research question has been developed:

What characterizes successful hybrid organizations and how do they sustain their hybrid nature?

Furthermore, three sub-questions have been formulated to help answering my research question. These sub-questions are presented under, and will be elaborated further in the literature review:

1. *What characterizes the hybrid organizations, how do they emerge and how do they measure performance?*

2. *How do hybrid organizations respond to multiple institutional logics?*

3. *How do hybrid organizations respond to challenges related to legal structure, financing, customers and beneficiaries, and organizational culture and talent development?*

1.5 DEFINITIONS

In this chapter, I will define concepts relevant to my research question and explain the rationale behind my choices.

Hybrid organization: Hybrid organizations have previously been called for-benefits, value driven, b-corporation, mission driven, and social enterprise (Alter 2007; Boyd et al. 2009; O'Toole & Vogel 2011). Throughout this thesis I will use the term "hybrid organizations" which is expressed as entities that are market-oriented and mission-centered (Boyd et al. 2009). The criteria that I use for a hybrid organization is as follows:
- The company has a business model based on creating social and environmental value
- The company generates income to sustain their operations

Business models: According to Zott and Amit (2010), a business model can be defined as "a system of interdependent activities that transcends the focal firm and spans its boundaries" (p. 216). Furthermore, "a business model describes the rationale of how an organization creates, delivers, and captures value" (Osterwalder & Pigneur, 2010, p. 14)

Institutional logics: Defined here as: "symbolic systems, ways of ordering reality, and thereby rendering experience of time and space meaningful" (Friedland & Alford, 1991, p.

243). By this, they refer to the contradictory practices of the institutions in our society and how they are related to the individuals, organizations, and society. Furthermore, Thornton (2004, p. 2) explains institutional logics as "the axial principles of organization and action based on cultural discourses and material practices prevalent in different institutional or societal sectors". The logics hereby shape the beliefs and behavior, and they may help us explain why actors behave as they do within various social contexts.

Organizational form: Defined as "an archetypal configuration of structures and practices given coherence of underlying values regarded as appropriate within an institutional context" (Greenwood & Suddaby 2006). From this perspective, the institutional logics are affecting the organizational form and the legitimacy of it.

Sustainability: Originally, the term was introduced in 1997, in the Brundtland Report. Sustainable development is here defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987). In this thesis, the word sustainable is defined as "the ability to be maintained at a certain rate or level" (Oxford Dictionaries, 2015). The concept will be utilized in different contexts:

> ➤ Environmental sustainability, defined as "conserving an ecological balance by avoiding depletion of natural resources" (Oxford Dictionaries, 2015).
> ➤ Financial sustainable – related to whether the organizations generate enough income to sustain their operations.
> ➤ Organizational sustainability – related to how the organization can be maintained, particularly how it can be maintained while ensuring its hybrid nature (defined below).

Sustained hybrid nature: This is related to two concepts: mission drift and organizational sustainability. Mission drift occurs when the company compromises one of its missions on behalf of the other (Jones 2007). Therefore, the criteria for ensuring sustained hybrid nature are as follows:

> ➤ The companies need to balance a fine line, as the company should not compromise the social mission in search of profit, nor should they focus so much on it that they do not manage to financially sustain their social activities.

➢ The companies should have a positive impact on the society and in the community where the organization is localized, and maintain its hybrid nature.

The concepts will be explored further in the literature review and in the selection criteria in the chapter on methodology.

1.6 STRUCTURE OF THE THESIS

This thesis is structured as follows: I start by reviewing the organizational literature on hybrid organizations. Given the relative immaturity of this field, an exploratory approach is taken to understand the nature of these organizations and the logics they are based on. Next, I highlight the literature on challenges these organizations face. Then, I explain the methodology used in this thesis, and present the hybrid organizations from my case study. In the following chapter, I introduce the results from my study. Building on the data of these organizations, I discuss the findings against relevant theories. I conclude by suggesting the more general conditions for hybridity, as well as recommendation for future research.

2.0 LITERATURE REVIEW

In this chapter I will present theories relevant for my research question. A table with relevant theories for the research topic has also been developed, which can be found under Attachment 2.

The chapter is structured in three parts. Part one describes characteristics of hybrid organizations, how hybrid organizations emerge, how they measure performance and their scalability potential. As literature of the scalability of hybrid organizations is a nascent field of study, I have chosen to highlight theories on the growth possibilities of "environmental motivated social enterprises". Part two is related to the logics that hybrid organizations are based on, and suggestions to how hybrids can balance between the social and commercial logics. Part three presents challenges hybrid organizations often face related to legal structure, financing, customers and beneficiaries, and organizational culture and talent development.

2.1 HYBRID ORGANIZATIONS

Hybridity can be expressed as a mixture of various heterogeneous components, and the term is used in several fields. It does not refer to something new, but rather a recombination of existing elements. In organizational theory there are various definitions of hybridity. Historically, organizational scholars have used hybrid organizations to express the combination of two or more distinct forms of organization (Besharov & Smith 2013). For the purpose of this study, I will look at hybridity as a combination of several institutional logics. Hybrid organizations are therefore expressed as entities that combine multiple institutional logics to solve complex problems (Battlilana & Dorado 2010; Jay 2012)

2.1.1 What is a hybrid organization?

A hybrid organization is driven by two forces: social change and the sustainability of the organization (Alter 2007). The organization will have a blended value proposition, creating value within several categories: economic, social and environmental. The organizations can

exist on a range of the hybrid spectrum, as shown in the figure under.

Hybrid Spectrum

Traditional Nonprofit	Nonprofit with Income-Generating Activities	Social Enterprise	Socially Responsible Business	Corporation Practicing Social Responsibility	Traditional For-Profit
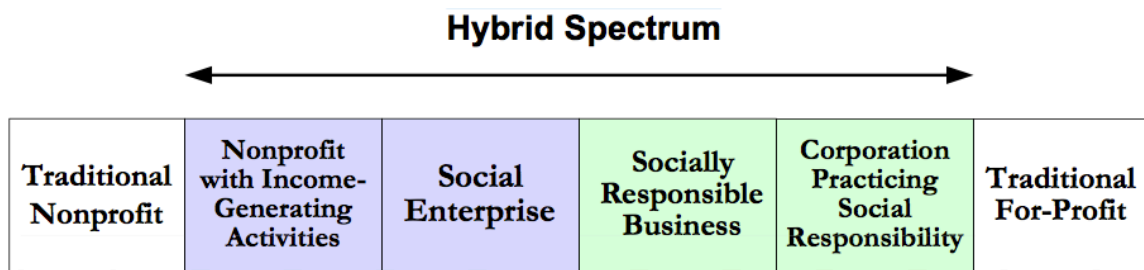
Figure 1: The hybrid spectrum

Alter (2004)

Boyd et al. (2009) comment that while Alter's hybrid spectrum is useful to understand the difference between the hybrid organizations, the spectrum is inadequate to categorize the hybrids along the single dimensions. They argue that profit and social and/or environmental mission are relatively independent, and have therefore developed the figure below to represent the blurring boundaries between the different organizations:
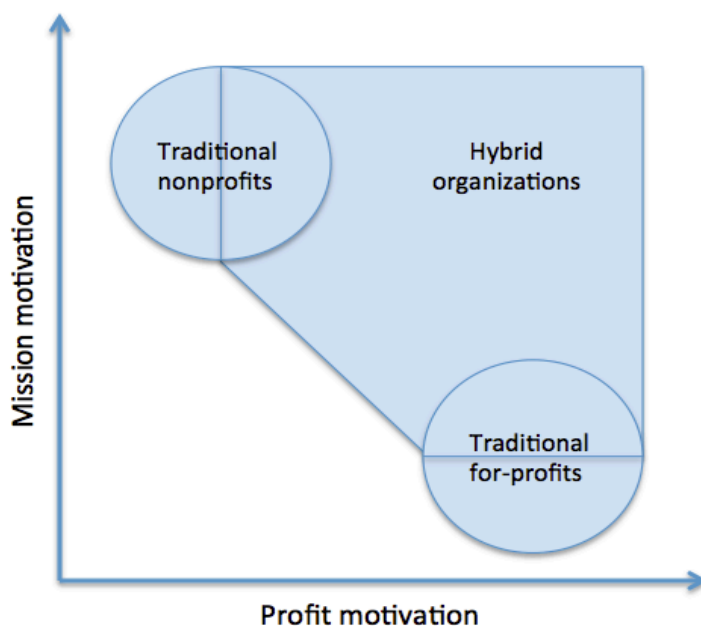
Figure 2: Mission and profit dimensions of business models

(Boyd et al. 2009)

Santos (2012) argues that organizations will either have a focus on value creation or value capturing, which is embedded in the organization's identity. He emphasizes that hybrid

organizations' main focus will be creating value rather than capturing value. Haigh and Hoffman (2012) underline that hybrid organizations often offer high quality differentiated goods in demand, and that they have both a social and environmental mission. Furthermore, Boyd et al. (2009) stress that hybrid organizations frequently are characterized by having a long-term perspective on profit, and close, personal relationship with suppliers, producers and customers.

Hybrid organizations surpass the boundaries between typical for-profit and non-profit organizations. What differs hybrid organizations from traditional nonprofit organizations, is the use of market forces and business to solve some of the world's most pressing challenges (Boyd et al. 2009). The hybrids have a social mission and engage in commercial activities to be economically sustainable. Furthermore, they are different from many traditional for-profit organizations with social programs, in that they do not have the focus of doing "less bad" or evening out their bad actions, but rather contributing to positive social and/or environmental impacts (Haigh & Hoffman 2014). For a hybrid, having a social mission is not part of the company's social responsibility program (CSR), but rather embedded within the company's identity (Santos 2012). An overview over the most important differences of non-profit, hybrid and traditional for-profit organizations is presented under:

Table 2.1.1: Spectrum of Practitioners

Adapted from Alter (2007)

	Traditional non-profit	**Hybrid organization**	**Traditional for-profit**
Motives	Appeal to goodwill	Mixed motives	Appeal to self-interest
Capital	From donation and grants	Mixed financial sources	Traditional venture capital
Approach	Mission-driven	Balance of mission and market	Market-driven
Purpose	Social and/or environmental value creation	Social and/or environmental and economic value creation	Economic value creation
Income/profit	Directed toward mission activities of non-profit organization	Reinvested in mission activities or operational expenses, and/or retained for business growth and	Distributed to shareholders and owners

		development (for-profits may redistribute a portion	

As hybrid organizations are generating revenues to sustain their operation, several researchers have pointed out the risk of a mission drift (Battlilana & Dorado 2010; Copestake 2007; Hoffman et al. 2010; Jones 2007). A mission drift is understood by compromising the social and/or environmental mission in search for profit. Similarly, Ebrahim et al. (2014) also mention the opposite situation, a "revenue drift", where the organization is so focused on the social mission that they do not manage to economically sustain their operations. The consequence of a revenue drift may be that the company goes bankrupt, they cut down on the social activities or converts into a non-profit to attract new capital from grants or donations (Ebrahim et al. 2014).

In the literature there are a numerous examples of hybrid organizations, including non-profit organizations, governmental organizations, for-profit businesses (Grassel 2012; Jay 2012; Jäger & Schröer 2014). One example of a global hybrid organization is the beverage company Guayakí (2015a). Guayakí specializes in selling organic yerba mate, which is a South-American caffeinated plant similar to tea. Their strategy of producing and selling their products is what Guayakí does differently from their competitors. The company partners up with farming communities in the South American Atlantic Rainforests, which harvest organic yerba mate from rainforest grown cultivations and reforestation projects. Guayakí's environmental focus is sustainable agriculture and reforestation, while providing fair living wages and fair working conditions for the farmers involved in the business. Thus, the company positively contributes to the preservation of the forest. And according to the company, because the yerba mate plant is native to the Atlantic forest, this is not only more environmentally sustainable, but more also economically sustainable than for example involving in cattle or corn and soy production (Guayakí 2015b)

2.1.2 Organizational emergence

Various researchers have highlighted organizational emergence as a significant area of study within organizational theory (Daft & Lewin 1993; Romanelli 1991), yet there are few investigations of how new hybrid organizations arise (Lee 2014). Tracey et al. (2011) argue

that one way they emerge, is in the process of bridging institutional entrepreneurship. By this, they refer to combining different institutional logics in order to create a new organizational form, and this new form is characterized by a new, hybrid logic.

Tracey et al. (2011) highlight that the process of creating a new organizational form requires work at three different levels: the individual, organizational and the societal level. At the individual level, the entrepreneurs must recognize the opportunity for bridging entrepreneurship, framing the problem differently than other existing theories and come up with a solution. At the organizational level, a new organizational form that fits the problem and solution has to be designed. At the societal level the entrepreneurs need to lobby to legitimate the new organizational form and connect it with the contemporary discourses. Tracey et al. (2011) contend that the process of creating a new organizational form is particularly complex, because the logics that are being combined often are quite different and in some cases even in conflict. I will come back to this in chapter 2.3 Institutional Logics.

There are numerous studies on the motivation of traditional entrepreneurs. Some studies highlight the perceived desirability for self-employment, tolerance for risk and self-efficacy as important factors in understanding the motivation for entrepreneurs (Segal et al. 2005). Other studies have looked at environmental entrepreneurship and the motivation behind these kinds of enterprises. Research has shown that "ecopreneurs", defined as "entrepreneurs who found new businesses based on the principle of sustainability" (Kirkwood & Walton 2010), are motivated by five factors: their green values, earning a living, passion, being their own boss, and seeing a gap in the market (Kirkwood & Walton 2010). They note that the motivations of ecopreneurs are quite similar to the motivations of entrepreneurs in general, beside the green values. Lee and Battilana (2013) suggest that the likelihood of an entrepreneur starting a hybrid business is affected by the entrepreneur's direct exposure to different work environments through own experiences. Furthermore, they also comment that the entrepreneur's indirect expose to various work environments, including parent's work experience and through professional education, also affect the likelihood of creating a hybrid enterprise.

2.1.3 Measuring performance

Organizations are increasingly expected to measure their outcome and impacts, for internal and external purposes. For hybrid organizations, this implies measuring their economic, social and/or environmental performance. While measuring economic performance is relatively straightforward, figuring out the right metrics for social and environmental performance may be more challenging.

Some organizations have specialized in measurement tools for hybrid organizations. These tools measure economic, social and environmental impact. Below follows a brief alphabetical selection over the most common measurement tools for hybrid organizations and how they measure the impact of a company or a fund:

Table 2.1.3: Measurement tools for hybrid organizations*

Organization	What?	Measurement tool	How?	Measures what
B-Lab (2015)	A nonprofit that serves a global movement of entrepreneurs using the power of business to solve social and environmental problems.	B Impact Assessment	Certification system, over 1000 certified businesses in more than 30 countries, for benchmarking, measuring and reporting on impact.	Social and environment performance, accountability and transparency
B-Analytics (2015), owned by B-Lab	B Analytics is a customizable platform for benchmarking, measuring, and reporting on impact. B Analytics hosts the world's largest database of verified social & environmental performance data for private companies (1100+ companies).	GIIRS – Global Impact Investing Rating System	Company and fund impact ratings derived from the B Impact Assessment, but more detailed information than the B Impact Assessment.	Social and environmental impact analogous to Morningstar investment ranking or S&P credit risk ratings.
Global Impact Investing Network - GIIN (2015)	A nonprofit organization dedicated to increasing the scale and effectiveness of impact investing.	IRIS - Impact Report and Investment Standards	IRIS metrics align with a number of 3rd party standards, and proprietary metric sets. These metric sets represent a range of industries and are offered in	Social, environmental, and financial success.

			partnership with leaders in each respective field (for example with B-analytics)	
SROI Network** (2015)	The SROI Network promotes the use and development of the Social Return on Investment methodology internationally, encouraging a community of practice along the way. The SROI Network is a membership organization and a company limited by guarantee.	SROI - Social Return on Investment Assessment	Two approaches: evaluative (retrospectively and based on actual outcomes) and forecast (how much social value will be created if the activities meet their intended outcomes).	SROI is an approach to understanding and managing the value of the social, economic and environmental outcomes created by an activity or an organization. It is based on a set of principles that are applied within a framework.
Sustainability Accounting Standards (2015)	A non-profit organization in the U.S. created to promote a single reporting system	SICS - Sustainable Industry Classification System	Industry-specific reporting standards, to ease comparison and benchmarking.	Industry-specific sustainability issues, For example, social capital and human capital within professional services industry.

*Own compilation based on the homepages of the organizations
**In the time of writing, the SROI Network is, together with Social Impact Analyst Association (SIAA), forming Social Value International, to become the largest international social value network in the world.

2.1.4 Scalability

The scalability refers to how the business can expand, explained by how big the company can grow to provide more services for its customers (Byers et al. 2011). A central question for hybrid organizations is the scalability of impact. Particularly, how hybrid entrepreneurs can effectively scale their impact to reach the many individuals and communities that would benefit from their innovation. Some organizations approach scalability and growth in similar ways to mainstream businesses, while others may be more concerned with alternative visions of growth, by showing sustainable practices and increasing the impact within specific communities and niches (Vickers & Lyon 2014).

Scalability may for instance occur if the company or organization grows, and can hereby serve more people. Organizations may also seek to implement changes in other ways, for example by trying to get other organizations to replicate successful concept through franchising operations (Tracey & Owen 2007).

Vickers and Lyon (2014) divide hybrid organizations, or what they call "environmental motivated social enterprises" (ESE), in three different categories, and their subsequent characteristics for growth:

1. "Small and Beautiful" Enterprises
2. "Green Knowledge Economy" Ventures
3. "Green Collar Army" Enterprises

Addressing needs and deepening the impact within the communities where the companies are embedded often characterize the "Small and Beautiful" Enterprise They have bottom-up alternative visions of community development and eco localizations, and offer alternatives to more sustainable local economies. These enterprises in many cases have the ability and potential to grow, but they remain small for reasons like avoiding the compromises they associate with business growth.

The "Green Knowledge Economy" Venture offers knowledge-intensive services and advises to others, and can therefore achieve a wider impact. Many of the companies have strong links to a wider knowledge base, such as universities. They have the desire to share their knowledge, and often build linkage with other organizations and actors. A common way for these enterprises to grow and extend impact is through replicating the business model and the business processes.

Lastly, the "Green Collar Army" Enterprise regularly exists in labor-intensive sectors, and these organizations are concerned with employment and training of labor. They are characterized by consisting of an entrepreneurial team that has differentiated capabilities, and linking opportunities based on earlier experiences. The organizations in the study have for instance grown because of government-led stimulus packages to support significant employment creation while addressing sustainability challenges (Vickers & Lyon 2014).

On the basis of chapter 2.1, I have developed the following sub-question:

Sub-question 1: What characterizes the hybrid organizations, how do they emerge and how

do they measure performance?

This question is relevant to understand the nature of the hybrid organizations and the characteristics for these types of companies. Furthermore, by understanding how these companies emerge, one may also get a better understanding of how they can manage to sustain their hybrid nature. Even though scalability is not explicit mentioned in the sub-question, the term is closely linked to organizations' ability to maintain at a certain level, thus the organizational sustainability.

2.2 INSTITUTIONAL LOGICS

2.2.1 Multiple logics in hybrid organizations

The institutional logics shape organizational behavior (DiMaggio & Powell 1991). When presented individually, the logics are clear and concise. But together, the different logics may represent different elements, and sometimes even conflicting elements. Traditional for-profit entities follow a commercial logic, and their organizational form belongs to the commercial sector. Most non-profit organizations with a social mission follow social welfare logic, and hereby belong to the social sector. Due to the fact that hybrid organizations are combining different logics, some academics argue that they exist between the "institutionally-legitimate categories of organizations" (Lee & Battilana 2013). Other academics again, claim that the hybridity of an organization enables the organization to attain the legitimacy needed to function (Kraatz & Block 2008).

Besharov and Smith (2013) argue that two factors are crucial in understanding the logics of a hybrid organization: incompatibility and centrality. Incompatibility refers to which degree the logics provide conflicting instruction for action (Greenwood et al. 2011). The logics are more compatible when they provide coherent plan instruction for action, and they are more incompatible when they provide incoherent and diverging instructions. Pache and Santos (2010) argue that when the field is fragmented and moderately centralized, the organizations often face higher incompatibility. Furthermore, centrality is important for understanding the logics of hybrids. Besharov and Smith (2013) contend that a high level of centrality will ensure that organizations have the multiple logics embedded within the core organizational

activities. At a low level of centrality, the core organizational activities will focus around a single logic, and the other logics will be connected to activities that are not crucial for the organizational functioning.

Moreover, the level of integration between social and commercial activities affects the organization's ability to achieve its social and economic mission (Battilana & Lee 2014). Ebrahim et al. (2014) distinguish between two different categories of hybrid organizations, integrated hybrid and differentiated hybrid. In integrated hybrids, the customers are the same individuals as the beneficiaries, thus the different activities are integrated. A high level of integration between the social and commercial activities implies that social value and profit are created through the same set of activities. In differentiated hybrids, customers and beneficiaries are not the same individuals or groups, and revenues from the commercial activities subsidize the social activities. A low level of activity integration insinuates a separation between the social and economic value creation. As Ebrahim et al. (2014) show, these types of hybrid organization may experience the risk of mission drift in different ways. Mission drift may occur in differentiated hybrids when they decide to create value for their customers at the expense of their beneficiaries. Seeing as the customers and beneficiaries are the same individuals in integrated hybrids, focusing on revenues or increase sales will not compromise the company's commitment to the social mission (Battlilana et al. 2012). Thus, mission drift will not occur the same way in integrated hybrids. However, if the company, for example, increases the price of their product so that it is inaccessible for their beneficiaries, this may undermine the social activity. Therefore, the company has to take in consideration that the commercial activity leads to the desired social outcome. Ebrahim et al. (2014) argue that clear company governance is crucial in preventing that the company loses sight of the social mission. Particularly, they give attention to alignment and prioritization of the diverse and sometimes conflicting interests of hybrids. While differentiated hybrids should focus on monitoring conflict between the social and commercial activities, managers of integrated hybrids should aim to ensure there is a link between the integrated activities and desired social outcome (Ebrahim & Rangan 2014).

2.2.2 Organizational response to multiple institutional demands

The research on hybrid organizations' response to multiple institutional logics is varied and highly disconnected (Besharov & Smith 2013). I will explain some of the key concepts and

point out some empirical studies that suggest how organizational member play an important role in shaping the strategies for conflicting institutional demands within hybrid organizations.

Pache and Santos (2010) highlight the level of "internal representation of the demands" as particularly important for understanding organizational responses to conflicting institutional demands. They argue that organizational members are socialized into one particular institutional design and, when faced with conflicting design, the individuals are likely to promote their own design. For instance, people that have been socialized into the "social world" are more likely to promote the social side of the business. In contrary, "business people" are more likely to promote profit over the social mission when faced with conflicting design. Moreover, Pache and Santos (2010) differentiate between single representation and multiple representation. Single representation is when only one of the logics is represented internally, while multiple representations are characterized by several conflicting demands existing in the organization. When dealing with single representation, the organizational members follow the same logic, and would arguably promote this logic when dealing with conflicting logics, internally or externally. Subjected to multiple representing, the individuals of the organization are likely to promote their own belief and logics. This may lead to a competition between the followers of the different logics, as they want their own logic to "win". Hence, Pache and Santos (2010) argue that organizations with a single representation have higher likelihood of responding to conflicting institutional logics in a manner that does not compromise the organization or creates internal tensions between the adherents of the distinct logics.

Kraatz and Block (2008) indicate that tensions are likely to arise in organizations with multiple logics and that the stability of these organizations often is seen as an achievement, as the tension build in the organizations are deep-rooted and intense. The study suggests that hybrid organizations are in a favorable, yet risky position when dealing with competing institutional demands. Kraatz and Block (2008) identify four strategies to deal with what they call "institutional pluralism" (multiple logics). Organizations may try to eliminate the source of conflicting institutional demands, break them down and deal with them independently, reign over them through balancing the logics, or forge new institutions.

Besharov and Smith (2013) point out that while integrative organizational engagements are likely to support the multiple logics within the company, it can also contribute to promote one of the logics over the others. Jay (2012) draws attention to the importance of how organizations make sense of what they are doing, and how they manage their system, while Pache and Santos (2013) are concerned with a term they call "selective coupling", which is characterized by picking elements from the different logics that fits the organization. They claim that this strategy will help ensuring legitimacy to external actors, without using a lot of effort or resources in the process.

Battlilana and Dorado (2010) highlight the importance of creating a common organizational identity in order to set a balance between the different logics. In their study, they evaluated how two microfinance organizations in Bolivia, Bunco Solidario (BancoSol) and Caja de Ahorro y Prestamo Los Andes (Los Andes), have managed to create a common organizational identity. The research found that hiring and socializing strategies are crucial to this creation. The companies had different approaches. BancoSol hired people from both the business world (bankers, financers etc.) and the social world (social workers, anthropologist etc.). This hiring policy increased the commitment to the mission of the organization. The reason for BancoSol's success was explained by the CEO: "We were converting social workers into bankers and bankers into social workers" (Battlilana & Dorado 2010). Thus, BancoSol managed to create engagement around the mission of the company, but the hiring process did little to balance the tension between the different logics of development and banking. Only when the company changed leader and many of the former employees had left the company, did BancoSol manage to alleviate the tension between the different logics.

Los Andes had a different approach in the hiring process. After learning from BancoSol's experience, Los Andes was clear that they wanted to focus on long-term operational success, with a balance between the social and economic goals of the organization. The hiring and socialization policies were therefore consistent with this focus. Instead of hiring people from "both worlds", Los Andes hired mostly individuals without working experience, for example recent graduates. The rationale behind this choice was that the people without prior working experience would adapt easier to an organization with multiple logics, and thus would not try to frame the work of Los Andes in a different "working mental scheme" (Battlilana & Dorado 2010).

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Mars and Lounsbury (2009) identify the underlying logics of student entrepreneurs involved in start-ups that both create economic and environmental value. The students come from different academic backgrounds, and hereby from distinct disciplinary cultures. The students outside business education focus mostly on the social and environmental benefits of the products, while the business students were most interested in the potential benefits of the market. What makes the organizations unified despite the different logics of entrepreneurship and activism, is the focus on "grassroots, bottom-up processes of change" (Mars & Lounsbury 2009). While organizations and other institutional platforms play a key role in the social and environmental change we see today, Mars and Lounsbury (2009) underline that more research on organizations that bridge multiple logics needs to be done, particularly on the micro dynamics within these organizations.

Other important contributions to the field of organizational response to competing multiple logics of hybrids can be found under Attachments, in Summary of selected papers on hybrid organizations.

On the basis of the literature on institutional logics, I have formulated following sub-question:

2. How do hybrid organizations respond to multiple institutional logics?

This question is highly relevant for understanding the sustainability of the hybrid organization. As we can see, the competing logics often represent a challenge for the organizations, and if these challenges are not addressed, it may threaten the sustainability of the hybrids.

2.3 CHALLENGES

Besides competing institutional logics, hybrid organizations often face other challenges. I will use the framework created by Battlilana et al. (2012) to highlight four challenges hybrid organizations face. These challenges are related to legal structure, financing, customers and beneficiaries, and organizational culture and talent development. I will use this framework

because it is based on one of the first, and few large-scale, quantitative study of nascent hybrid entrepreneurship. It will therefore give a better understanding of the complexities these organizations have to cope with.

2.3.1 Legal structure

The legal structure of the company will depend on the people, context, legal and tax consequences (Byers et al. 2011), and gives legitimacy to an organization for the external actors. Up to recently, there were only two main legal structures for a company, either for-profit or non-profit (Battlilana et al. 2012). For-profit actors' focus is maximizing profit, and they are allowed to distribute returns to investors. Non-profit actors focus on social value, and are often given tax benefits from governments. With the rise of new hybrid organizations new forms of legal structures have emerged in the U.S. Variations of the LLC (Limited Liability Company), such as L2C, CIC and Benefit LLC, and variations of corporate forms such as Benefit Corporation and flexible purpose corporation have been introduced to support the hybrid organizations (Battlilana et al. 2012).

Yet, in many places of the world there still exists a legal division between traditional for-profit and charities, and there is no clear legal framework regulating the obligations and commitments of the hybrid organizations. Therefore, entrepreneurs and investors face a dilemma when it comes to choose the legal vehicle for their companies when they want to have a positive impact in society.

Hybrid organizations have to carefully choose the legal form that best fit the organization. The different legal forms have benefits and tradeoffs. For example, a hybrid that registers as a non-profit cannot sell equity, because they are legally prohibited to sell ownership stakes to investors. This affects the financing of the company, and often limits their possibility of growth. If they register as a for-profit, the company may not be able to compete against competitors without a social mission. They may also face pressure to put financial concerns over the social mission. For now, the development on legal structure for hybrid organizations is limited, which also implies that the research on this area is inadequate. With increased hybrid activity, it is likely that new hybrid legal forms will emerge (Battlilana et al. 2012).

2.3.2 Financing

Hsu et al. (2009) point out that hybrid organizations face challenges when it comes to financing of the company. This is often due to limited resources (Moizer & Tracey 2010) and access to finance, because the companies do not correspond with well-understood categories of companies (Battilana & Lee 2014). While traditional business get funding from banks, venture capitalist, by selling equity and so on, nonprofit sector receive funding from the government and charities. Hybrid organizations may fall in the "middle", as they do not have a clear place in the funding landscape yet (Battlilana et al. 2012).

The issue of finance may be addressed in different ways. Some entrepreneurs adopt a differentiated funding strategy: they create two organizations, one for-profit and one non-profit. The different organizations may then seek finance from different actors, based on their mission. The for-profit branch may get access to capital from profit-seeking investors and bankers, while the non-profit branch may get its financing from grants, foundations and public subsidiaries (Battlilana et al. 2012).

Furthermore, hybrid entrepreneurs can also initially focus on getting funding from non-profit sector, typically grants or donations, or program-related investments. Or they can seek financing through more typical for-profit sources of funding, such as venture capital. However, Battlilana et al. (2012) highlight that traditional early stage equity finance, such as money from venture capital, is not suited for hybrid organizations. They also argue that impact investments may be a better option for these organizations, although hybrids still experience difficulties in raising capital despite a rise of impact investment funds.

Lastly, the hybrid organizations may also seek finance from impact investors. Impact investments are "investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return. They can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances" (GIIN 2015). Thus, these investments are made to create positive impact together with financial return.

2.3.3 Customers and beneficiaries

While traditional businesses see their consumers as customers and non-profits see their consumers as beneficiaries, hybrid organizations break this traditional view of customer-beneficiaries by offering products and services that produce social or environmental value when they are being consumed. Thus, consumption leads to both social/environmental value and revenues, and focus on growth will not lead to a drift in the company's social mission. This is the case, for example with companies that deliver green products with processes with minimal effect on the environment, or microfinance companies that provide loans for poor people. This can be a challenge for the company, because in some cases the customers do not have the financial means to pay for the product. Battlilana et al. (2012) point out the example of educational programs that may increase a child's future earnings, but the organization will not retrieve the future wealth of the child. It can be argued that this challenge is particularly present when the organization is addressing social problems for children or in cases where the beneficiaries are extremely poor. The organizations have different ways of addressing this problem. They may create two different sections within the company, where the income from one business may sustain the business that do not generate income. Moreover, companies can also rely on different product and services that create value for different segments, and then the social and economic activities are more integrated (Battlilana et al. 2012).

The hybrid enterprises are likely to have external relationships that differ from traditional business relationships. Boyd et al. (2009) found that hybrid organizations in many cases have uncommonly close and personal relationship with suppliers, producers, and customers. They discovered that the companies had made deliberate business decisions of doing so, and that the management of the companies had personal connections with the different business relations.

2.3.5 Organizational culture and talent development

The workforce composition within hybrid organizations is important for understanding the organizational culture. Most people are either from the "social world" or the "business world" and if this difference is not addressed, it may have a negative effect on the enterprise (Battlilana & Dorado 2010). It is therefore crucial to create an organizational culture committed to both the social mission and effective operation as the organization grows

(Battlilana et al. 2012). An enterprise with multiple identities shared by its workforce is called "holographic hybrids", whereas "ideographic identities" is when the multiple identities are dispersed (Albert & Whetten 1985). It is arguable that when individual identity is similar to organizational identity, organizational commitment is improved (Pratt & Foreman 2000), and this situation would likely be preferable in a hybrid enterprise. In most cases it is up to the company to take the necessary measures in order for the workforce to work efficiently independent of the background of their employees.

According to Battlilana et al. (2012), identifying and communicating organizational values are important for hybrid organizations. The management should emphasize this task, because it is critical for ensuring a harmonized organizational culture. This is affirmed by Kraatz (2009), yet he mentions the importance of recognizing possible diverging strategies, depending on which goal the company is trying to achieve.

Based on this chapter, I have formulated the following sub-question:

3. How do hybrid organizations respond to challenges related to legal structure, financing, customers and beneficiaries and organizational culture and talent development?

This sub-question is particularly important for the sustainability of the organization. It is crucial to understand how the organization can exist over time, and maintain the engagement from customers, beneficiaries and employers. For example, the legal framework in the country strongly affects whether the hybrid organizations get benefits from the legal form. Moreover, if hybrids do not have access to capital, they will have difficulties sustaining their activities that lead to environmental and social value. Lastly, company culture characterized by constant conflict between the employees will eventually have a negative impact of the sustainability of the company.

3.0 METHODOLOGY

In this chapter I will present the rationale behind my choice of research design, what method I have used, the criteria for sample and recruiting, execution of the interviews and the analysis, the study's credibility, reliability and transferability, and the ethical considerations.

3.1 CHOICE OF METHOD

The purpose of this study has been contribute to the understanding of the nature and potential of hybrid enterprises, thus to get a better understanding of the phenomena. I have chosen a qualitative research methodology for this study, hereby case study, which is useful in research with explanatory questions such as "how" and "why" (Yin 1984).

There are few empirical studies about the hybrid organizations outside North America, and I have therefore chosen to take an explorative approach. This approach aims to seek new insights into phenomena, to ask questions, and to assess the phenomena in a new light (Saunders et al. 2012). The research is of inductive character, where the analysis of the phenomena is central. I aim to illuminate how the entrepreneurs have created organizations that both encompass environmental and social mission with financial means and how these organizations manage to sustain this hybrid nature. By analyzing how the organization function and is arranged, a theory of hybrid organizations has been developed.

I wanted to investigate hybrid organizations in multiple countries, and therefore decided to conduct Skype-interviews, instead of doing fieldwork in one particular Latin American country. Hence, I have conducted individual depth interviews with five successful entrepreneurs based in Latin America. I have collected and analyzed primary data about their reflections around their hybrid business, how it is organized and their future plans for the organization. Furthermore, I have analyzed my findings against the current theories on hybrid organizations. In this analysis, I have emphasized how the business is arranged, how the organization balance between the environmental, social and financial concerns and the challenges the organizations face.

3.1.1 Methodology of data collection: Individual interviews

After considering several methods of data collection, I concluded that conducting individual interviews was the most suitable method within the time frame and available resources of this project. I have chosen to focus on a single method, as recommended by Silverman (2011).

The interviews were of phenomenological and narrative character. I started by asking open questions about the founder and the companies, and continued with more specific questions about the challenges these organizations are facing and other organizational factors.

3.2 SAMPLE AND RECRUITMENT

My aim was to interview entrepreneurs of successful hybrid organizations, because I wanted to gain insight about what had been the essential factors for their success and how they have managed to stay in the business over time. Therefore, I assumed that the learning outcomes from these organizations were high. Furthermore, I chose to look at successful organizations because these entrepreneurs may be seen as role models for people that want to start a similar business.

I early needed to define what I meant by "successful" and "hybrid organizations". I chose to define an organization as successful, if it had operated for more than two years, fire or more employees and that the company generated income to sustain their operation. The companies I was looking for had to create environmental and/or social value and economic value. Their business should be in Latin America. The companies should be legally incorporate as for-profit structure companies. The companies should represent different industries and different countries. Lastly, the companies also had to be reachable through an email or a web page, and have the communication program Skype, as I contacted them from Norway.

Initially I wanted to interview entrepreneurs that had been part of the Social Accelerator Program with AgoraPartnership (2014) in Latin America, because these companies would meet the criteria I had set. I attempted to contact Agora Partnership several times by email, without any response. Furthermore, I contacted seven companies that had previously been part of the accelerator, from similar industries or cohort as Agora calls it, within the Environment and Energy cohort. Only two companies responded, and due to communication challenges with one company, I ended up using only one as case.

To get more samples, I searched for other hybrid companies online, and I reached out to my network in Latin America with the criteria's I had set. I discovered the page SistemaB (2015), which is a global certification label for hybrid organizations, and here I found many companies that fulfilled my criteria. I contacted eight companies by email, with information both in English and in Spanish. I wrote briefly about myself, the study, that I had found them through SistemaB and why I wanted to interview them. Three of the companies answered that they wanted to be part of the project. After contacting my network in Chile, I also got a positive response from the fourth company of the eight I contacted through SistemaB.

3.2.1 Company profile

In the next section, I will give a brief presentation of the companies, of scope, operating domain, business model and contribution.

Table 3.2.1: Key characteristics of cases

	Caia Ingeniería	**Runa**	**Triciclos**	**Nature Services Peru**	**allGreenup**
Scope					
Founded	2005	2009	2009	2010	2012
Location	Colombia	Ecuador	Chile	Peru	Chile
Size	8 (5 fixed and 3 project based)	30 in Runa LLC, 10 in Runa Foundation (In Ecuador)	140 in Chile, 5 in Brazil and 2 in Argentina	6 in the Nature Services Peru, 4 in SE Peru (non-profit)	6
Operating domain					
Service	Consultancy and project management	Beverage	Recycling	Environmental credits and consultancy	Mobile application
Niche	Help the government and large industrial clients to implement tools for emission reduction and energy efficiency.	Working with indigenous communities to promote sustainable development including rainforest conservation and creation of profitable livelihoods	A tool for promoting sustainability and citizenship, masquerading as a recycling company.	Strengthen sustainable management of ecosystems by working in partnership with indigenous communities, forest concessionaires and the state.	Help people live more sustainable through measuring environmental impact and rewarding them for doing well.
Business model					
Income	Revenues from consultancy service	Revenues from sales to individual customers	Revenues from waste management	Revenues from consultancy services and ecosystem services	Revenues from corporate clients
Customers	Government and industrial clients	Customers in the U.S.	Individual clients	Government	

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Suppliers	N/A	Indigenous farmers in the Amazon,	Individuals visiting the recycling stations	N/A	N/A
Contribution					
Environmental value	Emission reduction and energy efficiency.	Promote sustainable development, including rainforest conservation	A tool for promoting sustainability and citizenship, masquerading as a recycling company.	Contribute to sustainable management of ecosystems	Help people live more sustainable through measuring environmental impact and rewarding them for doing well.
Social value	Local employment and professional development	Income, infrastructure, increased capacity, and market access to rural producers. Promotion of the ancient wisdom of the native cultures	Local employment and professional development; florestal training	Local employment and professional development;	Local employment and professional development; promotion of a healthy and sustainable lifestyle

All of the companies have in common that they have an environmental mission embedded in their organization. In Alter's (2004) hybrid spectrum, the companies would fall under the category of "social enterprises", with an environmental mission. The companies are all from Latin America, yet there is a broad spectrum of countries represented. Although some of the companies offer similar services (consultancy), they are mostly from dispersed industries. The companies from this case have between 8-140 employees and were founded between 2005-2012. Two of the companies, Nature Services Peru and Runa, have both a for-profit entity and a non-profit entity, SE Peru and Runa Foundation. SE Peru's funding is partly from grants and partly from income generated in the for-profit entity, while Runa Foundation's economy relies on donations and grants.

3.3 THE INTERVIEWS

I have conducted individual depth interviews with five different hybrid entrepreneurs. The interviews were conducted in March 2015, over Skype. I had one conversation with each entrepreneur, and each interview lasted between 45 minutes and one hour. The interviews were based on questions from an interview guide prepared in advance. I will clarify the preparations in advance of the interview, such as preparation of the interview guide, and the execution of the interviews in the next section.

3.3.1 Preparation of the interview guide

I decided to use an interview guide (see Attachment 1), as it provides a good balance between standardization and flexibility. This combination was ideal as the aim of the interviews was to identify and become familiar with the various companies and their activities, and the challenges these organizations face.

The interview guide was prepared with the theory and the sub-questions in mind. The interview guide was designed with an introduction to create a common understanding between researcher and informant, and to gain trust. The entrepreneurs were informed that they could at any time during the interview switch to Spanish if something was unclear or they wanted to elaborate more on a certain topic.

The interview guide is divided into three parts. The first part consists of open, general questions about the company. The aim is that the informant can speak freely about their company and this part will be of a narrative character. Part two focuses on the multiple logics that the hybrid organizations are based on. Part three is about the challenges that the hybrid organizations face, particularly related to legal structure, financing, customers and beneficiaries, and organizational culture and talent development. I tried to make the interview guide as concise and clear as possible, bearing in mind the interviewees most likely would have English as their second language.

In advance, the interview guide was tested on a hybrid entrepreneur in Norway to ensure that everything was clear and easy to understand, and to make sure that the topics were relevant in the order they were set up.

3.3.2 Execution of the interviews

The interviews were arranged through email and conducted over Skype, as the companies are localized in different countries across Latin America. Prior to the interviews, I read several articles about conducting qualitative research over Skype to get a better understanding of the advantages and challenges with this methodology approach (Deakin & Wakefield 2013; Hanna 2012; Sullivan 2012).

The camera function was used in the first interview, but the connection was unstable, so we had to switch it off. The other interviews were conducted without the camera. In two of the interviews there were problems with the Internet connection, and some questions needed to be repeated. Four of the interviews were conducted in English and the last interview was conducted in Spanish.

To document the interview, the entire conversation was taped, as agreed with the informant in advance. In addition, the researcher took notes about information that stood out. Personal information about the entrepreneurs was never written down, and the tapes did not include name or personal data. The recordings were deleted after transcription.

Conducting the interviews over had its advantages and disadvantages. The advantages included saving time and resources by not having to travel to Latin America, and to be able to conduct interviews with founders from different countries. The disadvantages with conducting the interviews over Skype were related to not being able to talk to the informant face-to-face and the occasional poor Internet connection that lead to a conversation lag. In this study, it has not been critical to study body language or establish trust to talk about sensitive information. Based on these considerations I concluded that using Skype would be the best option.

3.4 ANALYSIS OF DATA

The conversations were transcribed and structured shortly after the interviews. To get a better overview, I structured the conversations by using color codes. I marked parts of the interviews that represented the different themes in different colors. The themes were characteristics, organizational emergence, how they deal with multiple logics and challenges they face.

Part one of the analysis is an analysis of the characteristics of the hybrid organizations, how they have emerged and how they measure impact, which is related to sub-question 1: *"What are the characteristics of hybrid organizations, how have they emerged and how do they measure their performance?"*. The first part about characteristics is focusing more on the nature of these organizations and their similarities, rather than analyzing the material with basis in the literature review. The first part of the interviews, the founders talked freely about

the companies and the reasons for starting the companies. As they were telling their story, the analysis from this material has been made on their narratives, in the categories from the literature review.

Part two is related to sub-question 2: *"How do hybrid organizations respond to multiple logics?"*. This part analyzes the hiring and socialization policies with basis in the theories of Battlilana and Dorado (2010).

Part three is related to sub-question 3: *"How do hybrid organizations respond to challenges related to legal form, financing, customers and beneficiaries, and organizational culture and talent development?"*, which has been analyzed in Battialana's framework of challenges of hybrid organizations.

3.5 VALIDITY, RELIABILITY AND TRANSFERABILITY

3.5.1 Validity

Validity is related to the accuracy of findings (Whittemore et al. 2001), and if the interviews are answering the phenomena we are studying. In qualitative studies, validity is related to if the analysis of the results actually tells us something about the phenomena we are studying, and the credibility of this analysis. For a study to be valid, it is important to ask the right questions in a way that the informants understand, to be able to answer the research question (Silverman 2011).

One of the challenges with the theories of hybrid organization, is that the research field is relatively nascent, and can be understood differently by different actors. The choice of methodology has contributed to minimize the potential negative effects of this. For instance, I have described important concepts for the study, and described accurately how I did the interviews. I have also made the interview guide based on the theories and literature about hybrid organizations, which may strengthening the validity of this study.

3.5.2 Reliability

Reliability relates to the extent the results are consistent over time and if the study can be reproduced with the same results (Silverman 2011). In order to increase the reliability of this research, I have used so-called "low-interference descriptors" (Silverman 2011). In the analysis, I have included text and verbatim accounts of what the founders have said, instead of constructing the phrases. This has been done to minimize the risk of the findings being colored by my own beliefs, and make the results as accurate as possible. I have also attempted to describe my research strategy and analysis methods in detail, so that it is replicable.

Cultural differences and language misunderstandings may be factors that affect the study's reliability. Important attempts to ensure reliability have been to ask clear and concise questions, and make sure that all the informants have understood the questions in the same way, so that the answers can be coded. I have also conducted a pretest of the interview guide to check if the questions were relevant in the order they were set up.

3.5.3 Transferability

Transferability is related to which extent the results of a qualitative study can be generalized or transferred to other contexts. In qualitative studies, the purpose is to explore a phenomena and transfer knowledge rather than generalize (Silverman 2011). Thus, this study aims to gain insight of the hybrid organizations and to highlight challenges and possibilities of these organizations, rather then generalizing the results. By conducting similar studies on other hybrid organizations in other contexts, one may contribute to further understanding of this phenomena.

3.6 ETHICAL CONSIDERATIONS

All the informants received information about the project on email, which formed the basis for the consent to participate in the study. The information was given both in Spanish and in English. In advance of the interviews, the informants received oral information about the topic of the study and the main themes. They were asked if it was preferable that the company was anonymized or not. The information was given in Spanish in the cases where the founders had Spanish as their mother tongue, and in English in the other cases. The

interviews were conducted in either English or Spanish, depending on the interviewee's preference, and they were informed that they could at any time switch to Spanish or English if needed. I also conducted a citation check of the direct citations used in the analysis, as several of the interviewees have English as their second language.

The project has not been reported to NSD (Norwegian Social Science Data Services). This is because none of the interviewees can be identified with name or other unique personal characteristics, and the data collected does not contain personal data about the entrepreneurs. The interviewees were asked if I could record the interviews on tape, which everyone consented to. It was only the author of the thesis that listened to the tapes and, as agreed with the informants, the tapes were, as mentioned previously, deleted immediately after transcription.

4.0 ANALYSIS

The analysis is structured in three parts, based on the sub-questions presented in the literature chapter. I have also included citations that are relevant for the research question.

In the first part I include findings related to the characteristics of the hybrid organizations from the case study. I also describe how these organizations emerge and how they measure impact. I have also included scalability because the companies' potential to grow and scale their impact is closely connected to characteristics and the viability of these organizations.

In the second part I present the institutional logics that the hybrid organizations follow, and how the logics affect the organization. Furthermore, I introduce how the organizations respond to multiple institutional demands.

In the third part I look at how the organizations respond to challenges related to legal structure, financing, customers and beneficiaries, as well as and organizational culture and talent development.

4.1 HYBRID ORGANIZATIONS

Sub-question 1: What characterizes the hybrid organizations, how do they emerge and how do they measure performance?

4.1.1 Characteristics of hybrid organizations

The companies all have founders that act as agents of change. The founders are genuinely interested in environmental issues and social change, and they see the company as an opportunity to be part of a change. For instance, the founder of Triciclos is concerned about the environmental and social aspect of the company, and he was given the prize "Social Entrepreneur of 2015" by The Schwab Foundation for Social Entrepreneurship. Additionally, the companies from this study are "realistic visionaries". They acknowledge that they need to be financially successful to be able to creating continued positive impact on the environment and the society. For example, the founder of Nature Services Peru points out that the company's environmental and economic mission are closely linked, and the company cannot be financially successful without being environmentally successful. Several of the founders

mentioned that revenues and/or profit are important for the companies, as their livelihood and ability to create positive impact depends on this.

The companies have business models that are based on solving social and environmental issues, while generating revenues to sustain their operations. The business models are built for intentionally creating social, environmental and economic value. For example, Triciclos' business model is related to reducing the negative impact on the environment through recycling. The recycling stations are mainly financed through a monthly fee to the municipality, a company or a third part. Economic values is created mainly through commercialization of materials that are collected in their recycling stations, and the company is establishing new markets for materials that cannot currently be recycled profitably. Environmental value is created when the materials are being reused or transformed into other materials, and therefore minimize negative environmental effects. Social value is created through offering jobs to socially vulnerable citizens, mainly street waste pickers, and increasing their income and dignity of their job.

The companies are also characterized by being innovators, and they approach sustainability issues differently. For example, allGreenup has a good reputation in their country. As the founder commented: "Our reputation is based on being a young and innovative company that seeks interesting alternatives to real and concrete problems that have not been resolved in years." – Co-founder, allGreenup. Moreover, the founder of Triciclos mentioned that they came up with a solution for solving waste problems that was very innovative and absolutely challenging for what was the mainstream for the recycling industry, and also a great tool to promote responsible consumption.

The companies also report that they engage in partnerships, both locally and outside their countries. For instance, Caia Ingeniería collaborates with universities and research institutes in Mexico and Colombia. They establish a prize for the solution of an energy efficiency problem, and master students or PhD's normally work on the project. Furthermore, Triciclos have been collaborating with a university in France to develop their own impact measures, while Nature Services collaborate with different universities in Europe. Beyond collaborating with different partners for own purposes, the companies also collaborate with different actors in the local communities; NGOs, other organizations, the government and native groups.

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Lastly, the founders of the companies are highly concerned about organizational values, and communicating these values both internally and externally. The organizational values of the companies are closely related to the companies' social and environmental missions, and the positive impact the companies are creating. Their commitments to the multiple missions are not just "a play to the gallery", a way to look good or a way of increasing their profit. The founders are genuinely concerned about the values of the company and how they can create value over the whole business model; for customers, beneficiaries, stakeholders and employees.

4.1.2 Organizational emergence

The former experiences of the founders have affected their choice of starting the business. The founder of Caia Ingeniería was working in the government for many years, and decided to start his own business to help companies become more sustainable. Runa's founders started the business after graduating from college, with the experience they got after being localized in Latin America for longer periods and taking entrepreneurial classes. Nature Services founder has experience from different sectors; business, non-profit and academia, and he wanted to approach conservation with a proactive attitude, which is why he decided to start the company. The founder of Triciclos had the advantage of owning his own winery business, so he knew of what it takes to be an entrepreneur and how to run a business before he founded Triciclos.

The founders expressed dissatisfaction with the situation, which many of them saw as unsustainable. In the case of Runa, the founders (from the U.S.) had lived and worked in Latin America for longer periods. They had been witnessing how unsustainable activities like logging were enticing ways for people living in the rainforest to pay for education and medicines. Furthermore, they also saw that development projects implemented by NGOs often failed because they lacked buy-in from local stakeholders. Upon returning to the U.S., they wrote a business plan based on how they could support the communities living in Amazonia, and at the same time create a viable business that could be interesting for the local stakeholders. Similarly, the founders of allGreenup emphasized how they saw the situation as unsustainable, and how they could bridge this with creating a meaningful job for themselves:

> We (ref. the two co-founders) had always wanted to do something related to the environment. We saw that in one way or another, the situation was unsustainable and had to do something. And that doing something drew our attention more than simply just having a common job, and it was a necessity in one way or another. We saw that we had the opportunity to do business too. And that's how we were iterating different types of business activities, until we reached what is allGreenup today.

– Co-founder, allGreenup.

The founder of Nature Services Peru emphasized that he had been working in conservation in the non-profit sector, and the reason for starting the company was that he wanted to be more proactive with conservation and help to develop businesses that rely on healthy ecosystems. Furthermore, he wanted to bridge to the work of other commercial and state actors engaging with natural resource management.

The founder of Triciclos highlighted that when he started the company with two friends, they saw the necessity of running a different kind of business, where not only financial issues, but also social and environmental issues mattered. He also pointed out that they saw great opportunities if the company managed to incorporate value and ethics in their business. He commented:

> First we thought there was no way for businesses not to consider social and environmental aspects in their core business, in the short term. And at the same time, there was a huge opportunity for a company that was able to show some value, ethics, for all of the stakeholders. So I was not only considering the clients and the consumers on a traditional basis, but what else can you give them ahead of the product and the service that you are offering, that might be on a very high quality, when I believe there is something else that clients and consumers are expecting to receive (values). And then we consider also the employees as a key stakeholder, and how relevant it is actually for any company in the world to be able to align the values of the company with the values of the employees

- Co-founder, Triciclos

Some of the founders also highlighted how they wanted to prove for themselves and others that it was possible to build a company with a social and environmental mission, with sufficient income to generate the operations. The founder of Triciclos was looking into the possibility of creating a company with a triple bottom-line. He mentioned that he was not only concerned with reporting the environmental impact of the company, but how to run the company financially sustainable while having a triple bottom line. Thus, the founders started the company, also with the motivation to prove themselves that it was possible to run a

company with a triple bottom line. In Runa's case, the founders wanted to prove that business in the Amazon can be good for the environment and the preservation of traditional cultural practices while supporting producers and connecting them to consumers around the world.

Both allGreenup and Triciclos were looking into and testing several business models before they ended up with the current business model the companies have today. Triciclos mentioned that they were testing about 30 different types of business models in areas like food, energy, solar energy, housing, and entertainment. He pointed out that as two of the co-founders had business and professional experience in understanding the materials and they were concerned about the waste, they came up with a business model based on recycling and waste management.

Some of the founders mentioned that many companies operate unsustainably because of lack of knowledge or they view the cost as being higher than the benefits. As the founder of Caia Ingeniería stated:

> I worked for the government for more than ten years, in different departments, and in the Ministry of Environment and Sustainability in Colombia for the last four five. I helped developing the air pollution policy, but I realized that most of the companies that are polluting, do not believe in the policies, mainly because of lack of knowledge. So I decided to quit the Ministry, and start my own company.
>
> – Co-founder Caia Ingeniería.

The founder of Triciclos also pointed out that most companies are not considered by law to be managed in different ways, or there are no specific rules for companies that operate unsustainably. Furthermore, he drew attention to that many companies also consider it cheaper to just "pay the bill instead of correcting what they see it wrong". Similarly, the founder of allGreenup pointed out the Latin American view on sustainability issues and the environment, and that people in many cases consider the cost to be higher than the benefit in conserving the environment. The company wanted to change this cost-benefit view. As he commented:

> At least in Latin America, in countries like Chile and others, people are rarely concerned with sustainability and the environment. People who care for the environment are looked upon as activists or hippies, like it is a feature, instead of behaving in a rational way. So what we try to do is reach out to people with sustainability in a positive way, and reverse the cost-benefit, explaining why it is important to protect the environment. Today if you talk to people, about 80% say it is important to be respectful towards the environment, but only ten percent of these people actually incorporate sustainability in

their everyday life. That is because in some way, the cost is higher than the profit generated for them. That is why we incorporate the theme of winning prizes and benefits to reverse this situation. But ultimately it is to approach sustainability with the benefits and invite people to apply sustainability in their lives and show them how the impact generated is important

- Co-founder, allGreenup

Two of the companies highlighted the importance of understanding business in order to create successful hybrid organizations. Both Triciclos and Runa emphasized that the social and environmental mission is crucial for the business, but that a profitable business model was fundamental for success. For instance, the founder of Runa has observed a tendency that social entrepreneurs often focus too much on the environmental and social aspect, and less on the business. As a result, the business does not succeed.

4.1.3 Measuring impact

All five companies measure their social and environmental impact with B-analytics. However, they view this impact measurement tool differently. While some of the companies use the impact assessment to determine whether they are meeting their social and environmental performance goals internally, others use the B-analytics as a tool to help explain their business model to potential funders.

Additionally to B-analytics, allGreenup measures the environmental impact by looking at the different activities in the application that have been realized. People register their activity, for example every kilometer they have been riding bicycle and how frequently they recycle and the company calculate what impact this has on the environment. The social impact of the company is that they contribute to promote local businesses. The application gives showcase to over a hundred small businesses that can offer their product. They can do it through our application, and in instant they can reach more than 30 000 people. With the application, allGreenup promote trade and local industry.

In addition to the B-analytics, Triciclos have specific key performance indicators (KPIs), based on the environmental and social effect the company creates. The environmental effect is related to the materials they receive in their stations. The company has an environmental budget that counts how many tons of materials they receive, and the equivalence of for example how many threes that were not cut, how many kilowatts that were not used and how

many tons of CO2 that were not omitted. When it comes to the social impact, the company looks at different aspects. For example, how many people they are educating in terms of visits to the recycling station, and also how many training and educational programs they formally do in schools and universities, or for companies. Secondly, they also have a specific target of how many people are running the recycling stations, and how many of them increase their income and their level of dignity at their job. Thirdly, they also look at how people and employees change their habits, and start having a more conscious relationship to sustainability. The social impact program the company is using has been developed in collaboration with students from the University of Paris.

Initially, Caia Ingeniería did not have clear KPIs of the economic, environmental and social impact. After being part of a social accelerator program in 2013, they realized that they needed some KPIs or indicators for the company. They conducted impact assessment on B-analytics, and have also other KPIs they are measuring the company's impact after. For instance, one KPI is to teach people about sustainable development, and to measure at which level they manage to connect the policies of the government with the industry.

For Nature Services Peru, they entered the B-corporation movement mostly because it was a way to measure how they were doing, as an internal control exercise. The founder has done a lot of work with monitoring and trying to find ways to measure their impact, but presently the company does not have a proper way of measuring the long-term impact of the work they do. The company is currently focused on achieving activity results, and measuring long-term impact is something that they will focus more on in the coming years.

Runa also has additional measurement tools to B-analytics, where they measure the economic, social and environmental impact. In the economic measurements, for example, they look at how much money has been invested by farmer cooperatives, or the size of loans to guayusa farmers to start or expand their production. The social measurements may include how many farmers have gotten trained in budgeting, project planning and Fair Trade standards, and how much the female leadership has increased. The environmental measurements includes how many farmers have been trained in sustainable and organic management of their guayusa crop in agroforestry systems, or how many native plants have been given to farmers to plant for reforestation.

4.1.4 Scaling impact

Several of the founders mention that they want to grow the company in size in order to expand their impact. They also highlight that close ties with partners and particular localities will be important for the future. The founder of Caia Ingeniería wants to expand and grow the company for the next years. His goal is that the company can grow and become larger, and then on a longer time horizon form partnership with other companies. He commented that because of the financial crisis in Europe, many companies from for example Spain and Germany are coming to Colombia to offer solutions to environmental issues and energy efficiency issues, but they are not familiar with the local market. As Caia Ingeniería have the knowledge about local markets, they could make a joint venture or form alliances with these companies. But first the company wants to grow and to get some part of the energy efficiency business. The founder mentioned that they are looking into different markets, for instance small companies with big growth opportunities, but also with big environmental problems, for instance the clay industry in Colombia. The company also wants to serve the energy demanding companies, in general companies with environmental problems and energy efficiency opportunities.

allGreenup has plans to bring their mobile application to the rest of Latin America, and do an investment round that will bring the company to the U.S. Once in the U.S., the plan is to go worldwide with the platform.

In Runa's case, the company has a specific growth plan for the following years. As the founder commented, in five years they expect to have about a million dollars annual income generated for the farmers, 500 hectares of organic certified forest gardens that are sustainable, 50,000 hectares of new conservation areas committed and formalized, 20 percent women leaders in decision making roles in the value chain, 20 percent of youth leaders, 20 percent of farmers having bank accounts and credit lines, and 15 percent of farmers having established land titles.

Triciclos growth plan is to be able to serve a bigger market through expansion. The company has a growth plan of five years, to serve between 5 or 10 % of the recycling industry in Chile and in Brazil they have plans of being in at least 5 states. From there, the company is looking

into working with franchiser models, to scale the impact in other parts. Until now, key partners for growth have been retailers and NGOs, and the company has be able to increase its social impact, reach and capacity.

Nature Services Peru does not have big growth plans for the future, and the founder is more concerned about the impact that the company is creating, and the quality of this impact on the local scale. As the founder puts it:

> I think the biggest impact is doing well on a local scale. So our vision is to do things well in the areas that we work, not necessarily to grow and, let's say, conquer the world. If we do things well, then other organizations, other companies that are bigger than us, may copy the things we are doing.

- Founder, Nature Services Peru

The founder of Runa highlighted that one of the company's biggest struggles right now is related to growth and how this growth can be sustainable and healthy. Both the for-profit and the non-profit have increased their financial budgets significantly the last year. And as he commented: Although increased budgets will help the company grow, the company has to make sure they can handle that growth and management of more people and more responsibilities.

4.1.5 Summary of findings

Characteristics of hybrid organizations:

The entrepreneurs of the hybrid organizations interviewed are realistic visionaries. They acknowledge that they need to be financially successful in order to create a positive impact on the environment and the society. The companies have business models that are based in solving social and environmental issues, while generating revenues to sustain their operations. The companies are also characterized by being innovators, and approach sustainability issues differently. They engage in close partnerships, and lastly, the companies are concerned with communicating the organizational identity both internally and externally.

Organizational emergence:

The hybrid organizations in the study have emerged differently. What the founders have in common is the interest for sustainability issues and conserving the environment. Many of the

founders expressed dissatisfaction with the unsustainable situation, and started the company as a result of this. Their former experiences have also affected their choice of starting the company, though the motivations have been different. Several of the founders emphasized that they looked into ways of combining business with doing good, and that they have looked into various business models before they started their company. Lastly, some of the founders also underlined the desire to prove to themselves and others that they could run a business that was profitable, and at the same time being environmental-friendly.

Measuring impact:

All of the five companies use B-analytics to measure their environmental and social impact, however the companies utilize the tool differently. One company uses it as an internal exercise control to see if they are doing well, while one company uses it to help explain their business model to investors. All of the companies have additional measures or KPIs related to the environmental and social mission. One of the founders expressed that the company had not found an appropriate measurement tool for the long-term impact the company is creating, but the company will focus on this in the future.

Scalability:

Several of the companies mentioned that they have specific growth plans for the future. Many commented that they want to grow the company in size in order to expand their impact. The companies also highlight that close ties with partners and particular localities will be important for the future. One of the companies also mentioned that franchising of the business would be a possibility for the future. One of the founders highlight that one of the company's biggest struggle right now is related to growth and how this growth can be sustainable and healthy – in terms of managing more people and more responsibilities.

4.2 INSTITUTIONAL LOGICS

Sub-question 2: How do hybrid organizations respond to multiple institutional logics?

4.2.1 How institutional logics affect the organization

Most of the companies do not find it particularly challenging to encompass both environmental and financial mission. For instance, the founder of Nature Services Peru commented that their whole business is based on keeping ecosystems healthy. In contrary to other businesses where they have a product line and try to do well for the environment at the same time, Nature Services Peru's core business and mission is to conserve the environment. He emphasized that the only way the company can be financially successful is by being environmentally successful. Similarly, the livelihood of Caia Ingeniería depends on which degree they are successful in their work activities, particularly concerning the environmental consultancy. Comparably, the founder of allGreenup focused on that they measure their success or failure in terms of how they generate an impact on the environment; ergo economic and environmental concerns are highly interdependent.

The companies have a mixed workforce, from both the "social" and "business world". However, this does not seem to have had a negative effect on the hybrid nature of the companies. For instance, the founder of Caia Ingeniería mentioned that the company had cash flow problems last year, because in the beginning he was not concerned with whether the clients paid the first or the sixth month. When the company hired the business administrator, the cash flow problems got solved. Now the business administrator handles issues related to administration and the founder can focus on serving the clients and get new contracts.

Furthermore, internally, the companies have reported to benefit from their hybrid nature. The companies have motivated workers that are genuinely concerned by the environmental mission, and that are highly committed to the company. Despite the employees' different backgrounds, the organizational culture is characterized by openness, flexibility and trust. The founder of Runa highlighted that the for-profit entity and non-profit sometimes have different views on how to run things. When asked about the relationship between the workforces in the two entities, and if conflict sometimes occurs, the founder commented that:

> I would say that that it (ref. conflict between the for-profit and non-profit) does happen. And that's also the foundations role, kind of as a watchdog. There is never a big conflict, but I would say that the people from the foundation are much more concerned with social issues than the people in the company, so sometimes it can cause lack of understanding from both sides.

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He also stresses that despite this, the different branches work very well together, and they both appreciate feedback and the challenges the other part brings to the table. The founder of Triciclos mentioned that, being a hybrid organization, there are things the company is not able to do, in financial terms. The logic behind this is that it would be in contradiction to the social and environmental commitment of the company. Furthermore, some of the founders commented that it was challenging in the beginning to attract financing, because the potential capital partners, particularly the bank, did not comprehend the company's business model. But once the company got pass that stage, and started to show their profitability, the companies have not experienced particular challenges in attracting finance.

Being a hybrid organization may also have benefits externally. Several of the companies have received a lot of attention from the media in their respective countries and some of them have won prizes for their work. Caia Ingeniería was chosen among many applicants to be part of the Social Accelerator Program Agora in 2013. The company received consulting support and access to mentors, investors, among others. allGreenup won the prize EcoReto in the Talent and Innovation Competition of the Americas (TIC) in April 2015. Runa have von several business plan competitions, while the founder of Triciclos has been awarded with the Social Entrepreneur of 2015 from the Schwab Foundation and World Economic Forum. He has also won a prize for "Best for the World 2015", for creating most overall positive social and environmental impact. In addition, many of the companies have also had articles in magazines and online about their company.

4.2.2 Organizational response to multiple institutional demands

The companies' hiring policies are in all of the cases related to the motivation and commitment to work for a different kind of company. Nature Services stress that they are concerned with what their potential employees want to achieve and what they believe in. The company is looking for self-motivated people, and it is very important for them what the aspirations of the team members are. Moreover, the founder of allGreenup also highlights the motivation as an important factor. As he puts it:

> We look for people who are committed to the cause. People that not just want just a job for the salary, but want a job where they can make an impact in the lives of others, and the environment. People that have ambition, who wants to participate in a company that day is starting today, but has the capabilities

to become something global, and to have an impact worldwide. That is what we seek; Ambition, commitment, and motivation.

- Co-founder, allGreenup

The companies have different approaches based on whether they look for people with the right education vs. the right experience. allGreenup is focusing more on education than experience in their current stage. Nature Services Peru is looking for a balance between education and experience. The company seeks to find a balance between finding high energy, motivated young professional and also employees with some experience in the team. The founder stresses that he values education from good institutions, and that he looks at the quality of the degree, not necessarily what degree the potential workers have. The company recruits people with a proven track record in sustainable natural resource management. For Caia Ingeniería, the founder is mostly interested in experience, not that much in the education. Runa's founder commented that it depends on the position they are looking for, and whether or not the employee need a lot of experience for that position.

Two of the founders also highlight flexibility as an important factor in the company's hiring policy. For example, in Caia Ingeniería's case, the founder stress that they have flexible office policies: they have few time schedules, which means that the employees can manage their office time themselves, and they can work from home when needed. Hence, the company tries to find people that fit that flexible profile; independent and reliable people. Furthermore, because it is a small company, and the founder does not have too much time, they see it as preferable to hire people that are self-going and manage the work tasks with little explanation in advance. The founder of Runa also stresses that they are looking for people who are flexible and open to work in sometime challenging environments, with basically taking on lots of different responsibilities. Moreover, he comments that because they are a small team, sometimes people have to do things that maybe were not initially in their job descriptions, and then it is preferable to have flexible workers.

In Caia's case, the company has hired people by recommendations from the current employees. The founder would ask the employees if they know someone within a specific profile, and then they would search for this profile in their own network. The founder stresses to the employees that when they recommend a person, they are also responsible for that same

person. Runa tend to hire people who have been interning with them. In this way, they get to know the potential employees and their way of working. Both founders of Runa and Caia Ingeniería stress that their hiring policy depends on the position they are looking for. If they have a project that requires engineers, they look for that profile. If they need someone with business knowledge, they would search for that kind of background.

When the founder of Triciclos was asked about how he ensures that everyone shares the same organizational identity, he commented that part of his job has been to be able to create a strong team that values not only what the company does, but also how they do it. Furthermore, he pointed out the importance of ensuring that everyone in the organization, independently of where they are, shares the same organizational identity. The company is concerned with how the employees can serve the company, and which are the talents and capabilities that the person can contribute with. Lastly, he highlighted a strong concern about how the company can serve the person, and how the company will be an opportunity for that person to grow and to adapt different sustainable habits and culture.

4.2.3 Summary of findings:

How it affects the organization:

Most of the companies do not find it particularly challenging to encompass both environmental and financial mission. As some of the founders highlight, because the company's business model is related to conserving the environment, the company cannot be financially successful without being environmentally successful. Furthermore, the companies have a mixed workforce, from both the "social" and "business world". This is reported to be an advantage, because it ensures that the economic and environmental concerns are taken care of. The companies have motivated workers that are genuinely concerned by the environmental mission, and that are highly committed to the company. Lastly, being a hybrid organization may also have its benefits externally. Several of the companies have received a lot of attention from the media in their respective countries and some of them have won prizes for their work.

Hiring and socialization policies:

The companies hiring and socialization policies are related to the motivation of the potential employees, and the commitment to work for a different kind of company. Some of the

founders mention education as the most important in their hiring policy, while others looks for experience. Several of the founders mention that it depends on the position, and whether or not you need a lot of experience. Two of the founders also highlight flexibility as an important factor in the company's hiring policy.

4.3 CHALLENGES

Sub-question 3. How do hybrid organizations respond to challenges related to legal structure, financing, customers and beneficiaries and organizational culture and talent development?

4.3.1 Legal structure

Four companies are registered as forms of LLC (limited liability corporation) in their respective countries. Runa is the exception, which is registered as a LLC in the U.S. and as an export company in Ecuador. Two of the companies also have non-profit entities; Runa and Nature Services Peru. In the following section there is an overview of the legal forms of the companies and the rationale behind the choice.

Table 4.3.1: Legal forms of the companies

Company form	Abbreviation	Similar to	Company	Rationale behind choice
Sociedad anónima	SEA	PLC (UK) AS (Norway)	Triciclos, Nature Services Peru	Can sell shares freely, and the partners are not personal liable for company debt, together with investment opportunities. Can also have foreign shareholders (Nature Services Peru).
Sociedad por acciones simplificada	S.A.S	Similar to the French S.A.S (*societé par actions simplifieé*)	Caia Ingeniería	The company used to be an Ltda when it was founded (because they were three owners), but the legal status was changes to SAS in 2014 (when the current owner had bought the other ones out). SAS is a cheaper and less rigid form than SEA and it allows for one or more owners.
Sociedad por acciones	SpA	Limited partnership with shares	allGreenup	Currently the "simplest form" in Chile to be able to

				receive contributions from investors and to sell shares of the company, and is therefore the most agile for this type of company.
Limited liability corporation in U.S./ export company in Ecuador	LLC/ E.S.A	LLC in the U.S.	Runa	Export company was the best legal framework for exporting guayusa to the U.S.
Organización sin fines de lucro	OSFL	Non-profit organization	Nature Services Peru (SE Peru) and Runa Org.	Non-profit branch was founded to support the work of the for-profit entity.

Two of the companies, Nature Services Peru and Runa have both a for-profit and a non-profit entity. Nature Services Peru has a non-profit entity called SE Peru. According to the founder, SE Peru help to build the social capital that Nature Services Peru needs in order to make the company work successful. In return, Nature Services makes the land holding partners and SE Peru more financially sustainable. The for-profit entity generates parts of the income of the non-profit branch, and the other part of the income comes from donations from Peru and from outside Peru. Runa also has a non-profit entity, called Runa Foundation. The mission of the foundation is to create new value for tropical forests that benefit local people and forest eco-systems. The Foundation works closely with the commercial branch of Runa, which produces the guayusa tea beverage. The Foundation acts as a watchdog to the company, conducts scientific and participatory research, engages in community outreach and promotes cultural exchange.

The B-Corporation or Benefit Corporation as legal form does not exist in any of the countries in this study. However, most of the companies are certified in the SistemaB lab (with exception of Caia Ingeniería), and they all act as Benefit Corporations. As the founder of the allGreenup put it: "In Chile there is not a concept of Benefit Company as a legal entity as it exists in the United States. Therefore, we are only certified, we promote and behave like a B-corporation, but we are not legally a B-corporation because this legal form does not exist in Chile".
-Founder of all-Greenup.

Many of the companies mentioned that they would change their legal status to a benefit corporation if the countries would open up for such a legal form. When asked if the

government in their respective countries were thinking about opening up for benefit corporations as legal forms, most of the founders had not heard plans for this. The founder of allGreenup said that he was not aware of whether or not the government was thinking about it, but the movement of B-corps in Chile is very proactive, so it could be that this was helping to push the government. The founder of Nature Services Peru estimated that it would optimistically take between 5-10 years before they would open up for it in Peru, while the founder of Triciclos actually has been in contact with the former and the current government in Chile to help pass the law of opening up for a new legal form similar to the U.S. version of benefit corporation.

4.3.2 Financing

Runa, Triciclos and allGreenup have received investments from impact investors. When Triciclos started the company, the founders were looking into business models that would generate a positive financial result. They decided to create a company that was for-profit, and would therefore be attractive for the financial institutions. The founder does not think it has been particularly difficult to get financing for the company. He mentioned that in the beginning it was harder to explain the business model to the financial institutions. Once they started running the business and had more revenues, and showed their profitability, the problems of financing solved themselves, according to the funder. Mostly due to the fact that the financial institutions would not question whether the idea was good or bad, because they had a profitable business model. From the very start, the company was also analyzing which investment type was preferable for their company. The founders came to the conclusion that impact investments would be the best starting point. The company sold parts of the company to an impact investment fund, which in return got equity of the company.

allGreenup has one majority investor and several very small investors. They will seek for another round of capital in the middle of this year.

Runa's first financial boost came in 2009, when the company won two contests: a business plan competition at Brown University's Entrepreneurship Program and the Rhode Island Business Plan Competition, bringing in more than $70,000 in cash and services. After this, the company mostly got funding from impact investors. Runa has received grants from for example the United States Agency for International Development and Corporación Andina de

Fomento, a Latin American development bank, among others. The company also received financial support from the Ecuadorian Government through a national investment program. Today they get more funding from traditional investors. They have funding from about 180 investors, which are divided between debt and equity. The founder of the non-profit organization mentioned that he personally thought the company was a little heavy on the equity side, and that this may present as a challenge in the future. The risk of having traditional investors involved may be that they may be concerned about the financial part of the business, and not necessarily about the social impact part of the business. It has not been a challenge for the company until now, but it may be a challenge in the future, which the founders should be watching closely. This may lead to challenges in the future, because some of the autonomy of the company would be lost.

Two of the companies also have so-called angel investors. Runa closed a $1,6 million round of angel investment in November 2012, while Nature Services Peru also had an angel round in 2011, and they now have plans of doing a seed round.

Out of the five companies, only one has conducted a crowd funding campaign, while three of the other companies have been considering it. In 2014 allGreenup campaigned for 15 000 dollars on Indiegogo, a popular crowd funding page. They managed to collect the money they had been asking for, and got positive comments from people all around the world that wanted to bring allGreenup to their home countries. But as the founder said, it might be easier to do a crowd funding campaign when you have an actual product, because you can then sell the first pilots and products to the supporter of the campaign. Despite this, the campaign was successful both financially and socially, and what the company appreciated most about the campaign was that they managed to validate the project, and see that this is a worldwide necessity, independently of the fact that in many countries the theme is more ahead of them. Caia Ingeniería considered doing a crowd funding campaign for the consultancy, after suggestions from the Social Accelerator program they participated in in 2013. In that very moment they were finishing two or three projects, so they decided to spend the time in finishing the projects they had, and get money from those projects instead of doing the crowd funding. He mentioned however, that several of the other companies in the accelerator program did go through with crow funding and got all of the money they pledged for. Nature Services Peru mentioned that they will have another round of investments and are looking

into the possibilities of doing a crowd funding. Triciclos decided not to do crowd funding, and rather go with specific investment funds. The founder of the company mentioned that they are concerned with where the money comes from, and that they not just want the money. As he framed it:

> We don't believe in the power in the money in terms of creating or increasing our impact, we believe in who is behind that money. When it comes to traditional funding, i.e. banks, or even crowd funding, you get the money, however you don't get somebody working with you

- Co-founder, Triciclos

He furthermore explains that the company analyzed different kinds of possibilities for receiving investments, and that they decided to partner up with specific investment funds, that not only contribute with money, but also knowledge and important capabilities to the company.

Two of the companies have also adapted differentiated funding strategies for the for-profit and the non-profit branches. While Runa receives funding from impact and traditional investors, Runa Foundation receives funding from grants, donations and private people. Nature Services Peru receives mostly their funding from angel investors, while their non-profit branch, SE Peru, gets part of their funding from the for-profit entity and part of the income from donations from Peru and outside Peru.

In Caia Ingeniería's case, the company does not need investors or funding for the environmental consulting part of the business. They do get enough to sustain their operations with their current customers. For the energy efficiency part of the business, they are looking into partnering up with suppliers of equipment, in order to finance the projects. The founder emphasized that they would not partner up with anyone just for the money's sake, but mostly for the knowledge the investor gives the business. Currently, the company is presenting their projects in a program called "Innpulsa", an initiative by the Trade Ministry in Colombia. The company is trying to get funding for a pilot project, so that they can show their customers that the solution they are presenting works. The investors have also requested proof of concept; many of the investors have told the company that they will need a proof of concept before they will invest in the company.

4.3.3 Customers and beneficiaries

Several of the companies have managed to integrate the social and commercial activities, thus creating social and environmental value simultaneously as they are generating revenues to sustain their operations. This indicates that the customers and beneficiaries in many of the cases are indistinguishable. For Runa's case, when consumers buy the beverage drink of Runa, they contribute to, among others, conservation of the rainforest in the Amazon and a greater level of income with dignity for the guayusa farmers. Caia Ingeniería's environmental consultancy generates revenues while creating environmental value, for instance within energy efficiency and reduction of water use. Similarly, Nature Services Peru generates income by helping the government and companies to manage their services in a sustainable manner, with the goal of reducing the environmental impact across the value chain. The company has also created two different sections within the company, a non-profit and a for-profit entity. Part of the income from the non-profit comes from the for-profit, while the rest comes from donations and grants. When individuals visit Triciclos' recycling stations, they generate social, environmental and economic value: social being increasing the income level of the workers (which in many cases would have been working independently under other conditions), environmental in giving the materials new life, and economic being generating revenues for the company so that they can sustain their operations.

allGreenup rely on different services that create values for different segments. For instance, the company has one platform that the user subscribes to. Environmental value is being created through the activities realized in the application, for example reducing carbon emissions and individuals environmental impact by cycling instead of driving the car to work etc. The company earns its revenues two ways: either from advertisement from companies within the application, or by implementing the application internally in companies. Nevertheless, the environmental and commercial activities are integrated.

Several of the companies mention that they have a close relationship with their customers. For instance, Caia Ingeniería's relationship with customers is characterized by being a trust relationship. The founder highlight that the customer trust that the company will offer them a high quality solution, and that is also why the customers continue trusting in the company. allGreenup also has a close relationship with its clients. The company has executives who are

in charge of the client relationship, and because of all the campaigns they do, they keep a close relationship. Similarly, the founder of Nature Services Peru also highlights trust as important for the business:

> Client relationship and partner relationships are very important, especially when you are trying to build a new are of business. If you are building a pizza restaurant or selling sweets, then it can be a more direct commercial relationship, but as we are trying to develop new products, then we need to build a lot of trust with the clients and the partners.

- Founder of Nature Services Peru

For Runa's case, their biggest struggle in the beginning was getting a constant and continuous source of guayusa. The founder therefore spent the two first years in Ecuador building the supply chain and building partnerships, starting with the participating Ecuadorian community and expanding to partners at non-profits and with the government. The company received a grant from the Ecuadorian ministry of export to research into manufacturing guayusa. This was a "game-changing moment" for the founders, not only financially but also as a government acceptance point of view. Today, Runa has a direct and close relationship to its beneficiaries, the farmers in Ecuador, and a more commercial relationship to its customers in the U.S. As the Ecuadorian government currently owns 42 percent of the equity stake in the company, Runa also has a close relationship with local governments as well as local indigenous federations. The company also works with them on education and environmental issues.

allGreenup drew attention to the risk adverse culture in Chile as one of the company's biggest challenge today. The founder mentioned that the culture is not traditionally characterized by being innovative, so it is very difficult that the clients believe in them and support their project. He mentioned that it has become a little bit easier because they have been able to prove themselves for some customers, and they have "broken the first ice". However, he mentioned that the company is facing permanent challenges that people expect immediate results, and as they are a unique platform and do not copy the business model from anyone, they have to constantly do adjustments. He highlight that it is not easy, but it is a nice challenge.

4.3.4 Organizational culture and talent development

All of the companies have an organizational culture that is grounded in the commitment to the social and environmental mission. For example, the founder of allGreenup highlights that the motivation of the workers as important for the organizational culture. As they are all working towards the mission or the same goal, and are excited by this goal, the organizational culture is highly affected by this. Furthermore, the founder of Triciclos considers the organizational culture to be the main value of the company, and the company's organizational culture is related to the concept of the discourse, mainly focused on creating jobs that allows people, at the same time as having a job, to achieve a personal mission and serve humanity and nature.

All of the companies are concerned with communicating the organizational values, both internally and externally. For example, the founder of Runa is concerned with organizational strategy as an important management tool to create a common organizational identity. He comments on the importance of everybody on the team understanding the organizational strategy and feeling actively part of it. The organization recently had a meeting where all the leaders of each program area had given their input to a strategy document. Everyone in the organization had to participate, and answer questions, and all of the employees were very satisfied in the end, because they got an understanding of what the other person in the team is doing. The founder is therefore focused on creating a common organizational identity, which has a positive effect on the organizational culture.

The founders of the companies also emphasize that they have a close organizational culture. For instance, both the founder of Nature Services Peru and allGreenup highlights that due to the small size of the team, they have a close organizational culture and shares the same organizational identity. The employees do a lot of work together, and they eat together almost every day, so this has a positive effect on the organizational culture. In Runa's case, the for-profit and non-profit branches are relatively close, and they work close together on certain topics. They also share an office in Ecuador, both in Quito and down in jungle, which consequently affects the organizational culture.

The founder of Caia Ingeniería is focused on having a flexible organizational culture. He is not so concerned about the work schedule of the employees, and they can control their own

days. As the founder said, "people work differently: some people are really good at working in the first hours of the morning, and some are good working in the late hours of the morning". As the manager, he can take advantage of the different hours when the employees work most efficiently. And the important thing is the quality of the product that the company delivers to the customers, not at what times the employees are at work. In Caia they emphasize that the employees should be happy at work, and according to the founder two things are crucial to that: you should be doing what you want to do and you need a certain level of money and time to spend that money. When he employs people, he does not how much money they want to earn, but how much money they need to live well, without concerns. As the company is growing, they cannot pay very high salaries. The founder mentions that the employees have a relaxed attitude towards money, and it is not an issue.

The founder of Triciclos points out the importance of aligning the values of the company with the values of the employees. He mentions the risk and opportunity this brings – the risk being if the employees are not happy with the company, or they do not share the same values as the company, and the opportunity of creating value for many people and be a good role model for other companies. Furthermore, he also commented on that the company has several benefit programs for the employees that they are not obligated by law to have. However, the company has chosen to run their business like that because the founder believes it is more sustainable to include the workforce and appreciate the employees in the long run. For instance, the company operates with a minimum wage, which is 25 % over the minimum wage in Chile. Furthermore, the company shares 1/3 of its profit to all the employees, and they have a rule saying that no person can earn more than 12 times as the one that earns less. They also give more days off for parental leave. In April this year, the company received prizes in the "Best for the World 2015", which recognize the B certified companies that creates the most impact for a better world. The company received prizes in several categories, including "Best for the workers 2015" (B-Corporation 2015).

4.3.5 Summary of findings

Legal structure

Four companies are registered as forms of LLC (limited liability corporation) in their respective countries, while one of the companies is registered as an export company in Latin America. Two of the companies also have non-profit entities, which support the social and

environmental work of the for-profit. The B-Corporation or benefit company as legal form does not exist in any of the countries in this study. However, most of the companies are certified in the SistemaB lab, and they all act as benefit corporations. Most of the companies mentioned that they would change their legal status to a benefit corporation if the countries would open up for such a legal form.

Financing:

While some of the companies reported on having difficulties getting investments, other companies have had few difficulties. In general, the companies have mostly gotten investments from impact investors, angel investors, or they have approached a differentiated funding strategy for the for-profit and the non-profit branch. One of companies has conducted a crowd funding campaign, while three of the other companies have been considering it as a source of capital.

Customers and beneficiaries:

Several of the companies are creating social and environmental value simultaneously as they are generating revenues to sustain their operations, which indicate that value for the beneficiaries are created through transaction with the customers. Several of the companies mention that they have a close relationship with their customers, often characterized by being a trust relationship. One of the company's highlights that it was a struggle to get a constant and sustainable source of their product, so the founders spent two years building the supply chain and building partnerships. Furthermore, one company reports that because of the risk adverse culture in their country, it has been difficult for them to get clients to believe in their product. The founder commented that it has become a little bit easier as they now have proven themselves to some companies.

Organizational culture and talent development:

All of the companies have an organizational culture that is grounded in the commitment to the social and environmental mission, and the culture is characterized by being open and flexible. Communicating the organizational values, both internally and externally, is particularly important for the companies. One of the founders highlights the importance and opportunity of having the values of the company in aligns with the values of the employees.

5.0 DISCUSSION

In this chapter, I will go through each of the sub-questions and discuss them against the theoretical framework. I will consider whether the theories correspond with my findings or not and different reasons for this. The chapter also includes my own critical reflections to the theory, and I will be asking open questions about the findings rather than to provide definite answers. The chapter will also give indications to further research, which is summarized in chapter 6.5.

5.1 HYBRID ORGANIZATIONS

5.1.1 Sub-question 1: What characterize the hybrid organizations, how do they emerge and how do they measure performance?

5.1.1.1 Characteristics

The founders are acting as agents of change and they are "realistic visionaries". They value the social and environmental mission highly, but they acknowledge that they need to be financially successful to be able to create continued positive impact on the environment and the society. According to the founders, the companies need to be environmentally successful to be economically successful, and thus these missions are inseparable. It can be argued that the findings from this study may indicate that the founders' engagement may be a factor in explaining how the companies have managed to sustained their hybrid nature. The founders will not let the financial mission compromise the environmental or social mission, nor the other way around.

The companies are characterized by being innovators, and they approach sustainability issues differently. The innovations of the companies from this study can be categorized in two different types: knowledge driven innovation and business model innovation. Nature Services Peru and Caia Ingeniería fit the former category, and their business model is highly related to knowledge of the market and the environmental policies. Runa, Triciclos and allGreenup fall into the latter category: as they are game changers in their market. Runa has created a new market, bringing Amazonian guayusa to the American beverage market. Triciclos is changing

the mainstream models for the recycling business, while allGreenup is rewarding users for caring for the environment through an application. These findings are linked with the theories from Boyd et al. (2009), claiming that hybrid organizations have innovative products and that environmental features are sources of competitive advantages. For instance, Caia Ingeniería and Nature Services Peru are doing work for the governments in their respective countries because of their extensive knowledge on environmental issues. This may imply that this knowledge is a source of competitive advantage.

In line with Boyd et al.'s (2009) description of hybrid organizations, the organizations from this study engage in close partnerships. Several of the companies work closely with universities and research institutes, and they also engage in close partnerships with the local communities, NGOs and other organizations. By partnering up with different actors, the companies increase their impact and create positive synergy effects in the communities, which also may increase their own sustainability. For instance, collaboration with other actors may increase the companies' external legitimacy. It may also give the companies' valuable knowledge that they need in their business, for example tacit knowledge. However, it is difficult to determine whether the organizations have uncommonly close and personal relationships, as (Boyd et al. 2009) indicate in their study, or "just" close relationships. Furthermore, it is questionable to which extent the close relationship with partners is unique for the hybrid companies.

5.1.1.2 Organizational emergence

Tracey et al. (2011) point out that hybrid enterprises emerge in the process of bridging institutional entrepreneurship. This theory is related to the findings in this study, where the founders have recognized the possibility of combining different institutional logics, the environmental/and or social logic and commercial logic, in one single enterprise. Furthermore, the theory points out that the process of creating new organizational forms requires work at three different levels: individual, organizational and societal level. The findings from this thesis seem to support the theory. For instance, Triciclos, at the individual level, the founders were looking into the possibility of bringing values into the company, and having a triple bottom line. The founders looked into different business models, and came up with an innovative solution in waste management. At the organizational level, the founders set up a hybrid organizational form that fitted with the problem and the solution. At the

societal level, the founder has been in dialogue with the governments, media and other companies to legitimate the new business and connect it with the contemporary discourses.

In accordance with Kirkwood and Walton (2010) theory about ecopreneurship, the entrepreneur's motivation for starting the business is also embedded within the founders "green values". Several of the founders highlighted how they saw the situation as unsustainable, and how they wanted to change this. The findings of this study take this theory further, as it suggests that the founders' values are not limited to the environment, but also the ethics of how the companies do business. For instance, the founder of Triciclos is very concerned about the wellbeing of the employees, and was motivated by the thought of creating a different kind of company, a company that was able to show value and ethics for all of the stakeholders.

Kirkwood and Walton (2010) also highlight that ecopreneurs motivation can be explained by seeing a gap in the market, which correspond with the findings in this study. Several of the founders mentioned that they saw the opportunity in the market and created the company based on this. However, it is arguable that seeing a gap in the market is not necessarily exceptional for hybrid entrepreneurs, but rather a typical feature of entrepreneurs in general.

Lee and Battilana (2013) point out the positive correlation between the entrepreneur's direct exposure to various work environments and the likelihood of creating hybrid enterprises. This is related to the findings from my study. The former experiences of the founders have affected their choice of starting the business. The founder of Caia decided to start the business after working many years with sustainability management, and experiencing that the polluting companies did not believe in the environmental policies. Similarly, the founder of Triciclos had many years of business experience, and he had his own winery as a side business. Lastly, the founder of Nature Services Peru had experience within business, academia and non-profit, which have affected his choice of starting the business.

The findings also suggest that some of the founders wanted to prove for themselves and others that it was possible to run a business with a triple bottom-line. This may be explained by the different logics the companies are combining, and that many people see the social and environmental logic and the commercial logic as contradictory. This will be further

elaborated under 5.2.1.1, but the findings show that the companies have not experienced particular challenges being a hybrid organization.

Furthermore, several of the founders highlight the importance of understanding business in order to succeed with a hybrid enterprise. Lastly, they also focus on a balance between the different missions, for instance that too much focus on the social and environmental part may put the business in danger, likewise with too much focus on profit.

5.1.1.3 Measuring performance

All of the companies measure their impact through B-analytics, but they also have additional different measurement tools for economic, environmental and social value. For instance, in allGreenup's application, people register their activity realized, and the company measures the environmental effect from this. This could be how many kilometers they have been riding a bicycle instead of driving to work, or how many kilograms of plastic they have been recycling. This measurement is relatively clear and concise, and it is relatively easy to measure the environmental impact based on the activities realized. However, there may be some challenges with this measurement tool. There may be incongruence in what people actually do and what they say they do. Furthermore, what if the application did not change the people's behavior, and they were going to cycle to work anyway?

According to Mulgan (2010), the companies should distinguish between different measurements types: for external accountability, internal management and the broader social impact. This also corresponds with the findings from this study. Nature Services Peru's measurement approach with B-analytics and activity results is covering the different categories of measurements. Furthermore, it can be argued that Caia Ingeniería is using the measurement KPIs more for external accountability, in order to help explain their business models to potential customers and investors.

Nature Services Peru entered the B-corporation movement as an internal control exercise. The company has done a lot of work on monitoring and trying to find ways to measure the impact, but at this moment the company does not have a proper way of measuring the long-term impact of the work they do. The company is currently focusing on achieving activity results. This finding may be connected to studies from Ebrahim and Rangan (2014),

indicating that some social enterprises are better off not measuring their long-term impact. As they argue, social companies would often be better off measuring shorter-term outputs or individual outcomes. Moreover, their study suggests that the organizations should concentrate on designing metrics and measurement systems on the organizational level to support well-defined mission objectives. Generally, funders, such as foundations and impact investors, may be better positioned to measure systemic impacts than the organization.

Common critiques of measurement tools for social enterprises is that they may exclude key elements of the value creation for the third sector (Wilson & Post 2011). This may also be the case for the companies in this study. A central question is if the measurements are broad enough, or if they are too narrow. Furthermore, it may also be challenging to measure the indirect impact the companies create, and compare the different measures. Although B-analytics give the companies an indication of how they are doing compared to other companies, it is arguable that they are all in different industries and countries, so comparing may not be relevant. Moreover, many of the ratings are focusing more on monitoring and classification of impact, rather than identifying the impact created. More research on impact indicators and measurement tools is needed to fully understand how hybrid companies can efficiently measure the environmental and social impact created.

5.1.1.4 Scalability

The findings suggest that the founders have different approaches to growth and scalability of the companies. Vickers and Lyon (2014) point out that while some companies are concerned with showing sustainable practices and increasing the impact within communities and niches, other approach scalability and growth in similar ways to mainstream business. The findings suggest that Nature Services Peru and Caia Ingeniería fall under the first category, allGreenup fall under both categories, while Triciclos and Runa are subject to the last category.

Vickers and Lyon's (2014) categories of environmental motivated companies and their subsequent characteristics for growth can be connected to the hybrid organizations in my study. From my findings, Nature Services Peru is the clearest example of the "Small and Beautiful" Enterprise. The company has bottom-up visions of community development, and offers alternatives to more sustainable local economies in Peru. Though the company has the

ability to grow, the founder is more concerned about doing well on a local scale, rather than "conquering the world", as he puts it. This way of looking at growth is also closely related to Dees et al. (2004) theories. As they argue, "impact should not just be about serving more people – it should be about serving them well" (Dees et al. 2004).

Nature Services Peru, together with Caia Ingeniería, additionally fit the description of "Green Knowledge Economy" Ventures. Both companies offer knowledge-intensive services about the environment, and they can achieve a wider impact with their consultancy work. Both companies have strong links to a wider knowledge base; the universities that Caia Ingeniería are collaborating with in Colombia and Mexico and Oxford University for Nature Services. The companies have also built linkages with other organizations, which is typical for these kinds of ventures. For instance, Nature Services Peru is collaborating with its non-profit sister organization, and several other organizations within consultancy, natural resource tracking and supply chain management, and tourism, among others. Growth may happen through replicating the business model and the business processes, which Caia Ingeniería was looking into for the future.

Triciclos and Runa are examples that fit the category of "Green Collar Army" Enterprise. Both recycling and beverage industry are relatively labor-intensive sectors, compared to the other companies from this study, and these organizations are concerned with employment and training of labor. For Triciclos, the company employs many people that would be working independently, increasing their income and their level of dignity of their jobs. Runa needs a constant supply of guayusa leaves, thus they have a broad supplier base of farmers in Ecuador. Similarly to the characteristics of the "Green Collar Army", both Runa and Triciclos consist of an entrepreneurial team with differentiated capabilities, and they are linking opportunities based on earlier experiences. These "Green Collar Army" Companies often have growth because of for instance government-led stimulus packages to support significant employment creation while addressing sustainability challenges (Vickers & Lyon 2014). Even though Runa did not get a government-led stimulus package, the government of Ecuador is one of the investors of the company.

allGreenup does not necessarily fit any of the categories above. It is arguable that a fourth category of enterprises should be included. "Green Software", where the companies are

categorized by existing in a non-labor intensive sector, for instance in the software industry, and with possibilities to reach out to many people and have a broad impact. Growth for these types of companies would be relatively cheap, because marginal cost will drop with growth. The important factor to address is that the software must function well with increased user base.

Organizations can also replicate successful concepts through franchising operations (Tracey & Owen 2007). It is debatable that for the stage the companies are in now, franchising is not applicable. However, the founder of Triciclos mentioned that franchising might be an option in the future. On one hand, franchising operations may have benefits like bigger chance to survive and greater potential to attract resources (Vickers & Lyon 2014), but on the other hand replicating a successful concept frequently prove to be challenging. Reasons for this may be that the theory of change might be difficult to communicate (and therefore difficult to replicate), the organizational culture of the "mother organization" is linked to the success of the hybrid company, or the company has not a clear overview over which business activities lead to success. Bradach (2003) argues that a critical success factor in franchising of a hybrid organization lies "in the ability to standardize the key activities in the founders' business model". Although Triciclos may be able to standardize the key activities and communicate the theory of change, a central question is whether the organizational culture of the "mother organization" is a reason for the company's success or to which degree the entrepreneur of Triciclos has an impact on their success story. Thus, it is crucial for Triciclos to consider these aspects before they decide upon doing franchising operations.

5.2 INSTITUTIONAL LOGICS

5.2.1 Sub-question 2: How do hybrid organizations respond to multiple institutional logics?

5.2.1.1 Multiple logics in hybrid organizations

According to research, incompatibility and centrality are important factors for understanding the logics of hybrid organizations (Besharov & Smith 2013). Incompatibility refers to which degree the logics provide conflicting instruction for action, and centrality refers to which extent these logics are central to the "organizational functioning". The findings from this study suggest that most of the companies do not find it particularly challenging to encompass

both an environmental and financial mission. This may imply that the level of incompatibility is relatively low, and the level of centrality is relatively high. For instance, as the founder of Nature Services put it, the only way the company can be financially successful is by being environmentally successful. This is also the case for the rest of the companies in this study. This may imply that the social, environmental and commercial logic of the companies provide coherent instructions for action. Furthermore, a high level of centrality ensures that the organizations have the multiple logics embedded within the core organizational activities.

To take this further, it is arguable that the level of integration between social and commercial activities affects the organizations ability to achieve its social and economic mission (Battilana & Lee 2014). Ebrahim et al. (2014) distinguish between two different categories of hybrid organizations, integrated hybrid and differentiated hybrid. The findings from this study suggest that all the companies fit under the category of "integrated hybrid companies", which implies that they have a high level of integration between the social, environmental and commercial activities. Hence, social, environmental and economic value is being created through the same set of activities. This may help with understanding why the companies from this study are successful, because focus on the commercial activities does not compromise the company's commitment to the social and environmental mission (Battlilana et al. 2012), and vice versa. Furthermore, as Ebrahim and Rangan (2014) argue, the manages are making sure the integrated activities lead to desired social and environmental outcome. They highlight clear company governance as crucial in preventing that the company loses sight of the social mission.

The companies have even reported to benefit from their hybrid nature, by having motivated workers that are genuinely concerned by the environmental mission, and that are highly committed to the company. Despite different backgrounds of the employees, the organizational cultures are characterized by openness, flexibility and trust. This may be explained by a clear company governance, ensuring that the company does not lose sight of its multiple missions, in line with the theories of Ebrahim et al. (2014).

The founder of Runa highlighted that the for-profit entity and non-profit sometimes have different views on how to run things. When asked about the relationship between the workforces in the two entities, and if conflict sometimes occurs, he commented that conflict

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between the for-profit and non-profit sometimes happen. It is arguable that the way we see conflict is crucial to understanding multiple logics and how it may affect the organization. The traditional view of conflict emerged in the 1930s and 1940s and saw conflict as something that should be avoided at any means. According to this view, conflict is a dysfunctional outcome, often as a result of mal communication, lack of openness and understanding between the organizational members and poor management (Robbins & Judge 2015). The interactionist view of conflict, on the other hand, sees conflict as something positive and necessary in a group or an organization. This view sees organization with this type of conflict to be more dynamic, responsive, flexible and adaptable to change and innovation (Dreu 1997). Thus, constructive conflict in Runa's organization may therefore be an advantage for the organization – for instance enhances their ability to adapt in the market and change direction. This view is also confirmed by other academics (Kraatz & Block 2008).

5.2.1.2 Organizational response to multiple logics

Battlilana and Dorado (2010) highlight the importance of creating a common organizational identity for hybrid organizations with multiple institutional demands. The results from their study suggest hiring and socialization strategies as particularly crucial in this process. One may hire people from "both worlds" – environment people and business people - and then create a common engagement around the mission. Another possibility is to hire people without prior working experience, with the rational that the workers would easier adapt to an organization with multiple logics. It is arguable that the companies from this study are approaching hiring and socialization policies with the former category.

The companies hiring policies are in all of the cases related to the motivation and commitment to work for a different kind of company. For instance, the founder of Nature Services highlights the importance of self-motivated employees with the aspirations to work in the company. allGreenup looks for people committed to the cause.

The companies have different approaches whether they look for people with the right education vs. the right experience. While some of the companies are focusing more on education than experience, others want a balance between the two of them. It can be debated that the stage the companies are in, affects their hiring policies. allGreenup is in a relatively

early stage of the business, and a focus on education may make more sense than experience at the moment. Nature Services Peru is looking for a balance between education and experience. Frequently, the company recruits people with a proven track record in sustainable natural resource management.

Two of the founders also highlight flexibility as an important factor in the company's hiring policy. This may be explained by the nature of the work that the companies do. For instance, the founder of Runa also stress that they are looking for people who are flexible and open to work in sometime challenging environments. The challenge may come from working in a company with multiple logics, and the employees repeatedly have to take on different responsibilities.

The company is concerned with how the employees can serve the company, and which are the talents and capabilities that the person can contribute with. Furthermore, he also highlights a strong concern about how the company can serve the person, and how the company will be an opportunity for that person to grow and to adapt different sustainable habits and culture.

Lastly, one may question to which degree hybrid businesses with social, environmental and economic value creation are associated with divergent goals, values, norms, and identities. The findings from this study may suggest that the typical view of the hybrid organizations as entities with divergent goals and identities within the companies, does not apply to the same extent to these types of companies.

5.3 CHALLENGES

5.3.1 Sub-question 3: How do hybrid organizations respond to challenges related to legal structure, financing, customers and beneficiaries and organizational culture and talent development?

5.3.1.1 Legal structure

As Battlilana et al. (2012) highlight, in many places of the world there still exist a legal division between traditional for-profit and non-profit companies, which correspond with my

findings from this research. The companies are all registered as forms of limited liability companies in their respective countries, most of the companies are certified within B corporations, and they all act as "benefit companies". Several of the founders pointed out that they are interested in changing the legal form to a benefit corporation if the government in their countries would open up for this.

Two of the companies have both a for-profit and a non-profit entity. There may be several advantages of having distinct legal bodies. The non-profit benefit from social legitimacy and help the for-profit building the social capital needed to function efficiently. Furthermore, the non-profit benefit from goodwill that attract grants, donations and interns or voluntary work, and not to mention the tax benefits in the non-profit benefit from.

A central question related to the legal framework is how a change in the legal form will affect the company. For instance, will the transition to a benefit company lead to a different corporate behavior? Will it give the company the external legitimacy needed to function efficiently, or facilitate attracting capital and investments? Furthermore, how high is the transaction cost, and will the potential benefit of changing legal status exceed this cost?

Few studies have been conducted on this topic. As the companies from this study have reported to behave and act as benefit corporations, and are certified within the B Corp movement, one may argue that it will not necessarily change the behavior or the governance of the companies. However, it can further be argued that a change in the legal form will lead to a higher accountability towards the social and environmental mission. For instance, the shareholders can sue the managers if they are not following the social mission. The companies that are registered as benefit corporations will be able to distinguish themselves as businesses with a social mission, and in return get legal protection and tax benefit. Furthermore, a change of legal form may also give the company external legitimacy needed to attract financing. Arguably, the benefit corporation as a new legal form may be a vehicle to promote social innovation.

Some of the governments are, according to some of the founders in this study, in process of opening up for Benefit Corporation as a legal form, but this will optimistically take between

3-5 years. The hybrid organizations would have to look at the benefits, cost and tradeoffs of changing the legal form, to evaluate whether or not it is worth the change.

5.3.1.2 Financing

In accordance to the theory of Hsu et al. (2009), several of the hybrid organizations have faced challenges related to financing of the company. The findings from the study indicate that this is particularly associated with access to finance, as highlighted by Moizer and Tracey (2010). For instance, the Caia Ingeniería is still seeking investors for their energy efficiency projects, without any luck so far. As the founder mentioned, the company need investments from either an investor or partner up with a company that is interested in energy efficiency improvements, in order to proceed with the energy efficiency project. Triciclos and allGreenup mentioned that they had a hard time explaining the business model for the funders. The findings also show that several of the companies have overcome the challenge of financing with time. For instance, as the founder of Triciclos pointed out, when the company started having revenues and show profitability, the challenges of financing disappeared, as no one was questioning the company's ability to make profit anymore.

Two of the companies, Caia Ingeniería and Nature Services Peru have consultancy services as their main business activity, and other environmental activities on the side. One may argue that it is not particularly capital intensive to start a consultancy company (not to be confused with knowledge intensive) and the challenge is to find clients and customers, and gain trust within these clients. Because the founders' earlier professional experience in the Ministry for Caia's case and in non-profit NGOs in Peru for Nature Services Peru, it is arguable that they already had established trust and contacts needed for this kind of business.

Battlilana et al. (2012) highlight that hybrid companies may address challenges with finance by adopting a differentiated funding strategy for their company. This theory corresponds with the findings from this study. Two of the companies have both a for-profit and a non-profit entity, and have sought finance from different actors. The for-profit branch of Nature Services Peru has gotten financing from angel investors, while the non-profit entity SE Peru have gotten donations and grants from both national and international actors. For-profit Runa consists of capital from debt and equity, while the non-profit Foundation of Runa livelihood depends on donations and grants.

Two of the companies have also reported to get financing from business angels. Battlilana et al. (2012) only briefly mention traditional venture capital, but do not draw attention business angels. The angels are often wealthy individuals or group of individuals who invest in companies. Typically, the type of investment they contribute with is at start-up or at very early stage. In many cases, business angels have local or personal knowledge of the sector, and the money invested is typically more patient that investments from more formal sources like venture capital (Storey & Greene 2010). Many of the companies point out that they are not only interested in the money from investors, but also the knowledge the angels can contribute with. This may indicate that business angels may be a good investment form for hybrid enterprises, as the angels often have knowledge of the market or industry.

Several of the companies have been looking into the possibility of getting finance from crowdfunding, and one of the companies has conducted a campaign on the crowdfunding platform Indiegogo. Crowdfunding is a relatively new concept, and has increasingly become a source of capital for some ventures. Crowdfunding is when by individuals or investors are funding a project or venture. The crowd funding is typically conducted online, via crowdfunding platforms (Fisk et al. 2011). Popular crowdfunding platforms include Kickstarter, Crowdrise, Indiegogo, Fundly and Crowdfunder, among others (Barnett 2013). While Kickstarter mostly finance creative projects, Crowdrise is mostly used to raise money for a personal cause or charity. Indiegogo is a donation based fundraising site for almost anything, while Fundly is the largest platform for non-profits and social entrepreneurs. The platform Crowdfunder allows entrepreneurs to raise investments against equity. This platform also has a specific site for social enterprises, where individuals and investors may invest in companies with social impact goals (Crowdfunder 2015). Because crowdfunding is relative emerging phenomena in the academia (Fisk et al. 2011), particularly when it comes to crowdfunding for social enterprises (Lehner 2013). Recently the platform Crowdfunder has opened up for a social enterprise site, which did not exist before. This may increase hybrid organization's possibility of attracting investors and capital in this area.

It is questionable to which degree the company's hybridity affect their ability to attract finance. Battilana and Lee (2014) argue that the companies may have difficulties attracting finance because they do not correspond with well-understood categories of companies. The

findings show that some had difficulties getting finance, particularly in the start-up phase, but have overcome this after showing their profitability. Equally, many traditional start-ups struggle getting finance, and it is can therefore be debatable whether the challenge of financing is correlated to the company's hybrid nature or if it is a challenge that most start-ups face.

5.3.1.3 Customers and beneficiaries

Many of the hybrid organizations from this case have shown to offer products and services that, when consumed, create social and environmental value, in line with theories of Battlilana et al. (2012). This also implies that the companies' customers and beneficiaries in many cases are indistinguishable.

According to Battlilana et al. (2012), the organizations have different ways of addressing challenges with customers and beneficiaries, which is in accordance with the findings of this study. The companies may create two different sections within the company, where the income from one business may sustain the business that do not generate income. This is the case for Nature Services Peru, and their sister-organization SE Peru. But where Battlilana et al. (2012) argue that the companies can start a for-profit to support the social mission, the non-profit SE Peru was created to support the for-profit organization with the social capital needed to function well. Furthermore, this is also the case for Runa, where Runa Foundation was founded a year after the for-profit entity, to support it with social capital and ensure that the social mission was being fulfilled.

Moreover, as argued by Battlilana et al. (2012), companies can also rely on different product and services that create value for different segments. This is the case for allGreenup, as the users create the environmental impact, and the revenues are generated through the corporate clients. For instance, environmental value is being created through the activities realized in the application, for example reducing carbon emissions and individuals environmental impact by cycling instead of driving the car to work etc. The company earns its revenues two ways: either from advertisement from companies within the application, or by implementing the application internally in companies. Despite this differentiated approach to create value for different segments, the environmental and commercial activities are highly integrated.

In accordance to Boyd et al. (2009) theories of close and personal relationship with external actors, the findings from this study suggest that the companies have close relationship with their customers. Many of the relationships are characterized by being trust relationships. Corresponding with the comment from the founder of Nature Services Peru, the many of the companies are trying to develop new products, and they therefore need to build a lot of trust with the clients and the partners. Two of the companies, allGreenup and Runa, have a more commercial relationship to the users and customers, and a more personal relationship to their clients and beneficiaries.

One of the companies also mentioned the risk adverse culture in their country as a challenge, because it was hard to get clients to believe in them and support their projects. This finding is highly influenced by country context, but it is worth mentioning that a risk adverse culture may affect the company's relationship to customers and beneficiaries, and thereupon the company's ability to efficiently carry out their multiple missions.

Lastly, it is arguable that the challenge of customers and beneficiaries as the same individuals exist to a greater extent in social enterprises where the customers do not have the financial means to pay for the product. That being said, it is debatable that addressing environmental issues can be challenging in relations to customers and beneficiaries, because many individuals may not see the benefits of conserving the environment in the near future or see the benefit as something "abstract".

5.3.1.5 Organizational culture and talent development

The founders from this study seem to have managed to foster an organizational culture committed to both the social mission and effective operations, corresponding with the theories of Battlilana et al. (2012). According to the several of the managers, due to the small size of the team, it has been relatively easy to ensure a common organizational identity. The companies report that they work closely and share meals together almost every day, thus this positively affects the organizational culture. From my findings, all of the companies have organizational cultures grounded in the commitment to the social and environmental mission. Furthermore, the organizations seem to have "holographic identity", which correspond to the concept of multiple identities of the organization shared by the workforce (Albert & Whetten 1985).

The founders from this study are concerned with identifying and communicating organizational values, which Battlilana et al. (2012) and Kraatz (2009) feature as particularly important for hybrids. For instance, Runa recently had a common meeting with all of the staff, to ensure that everyone understood what the other employees are doing. This implies that the founder is concerned with creating a common organizational identity, which has a positive effect on the organizational culture. According to the founder, organizational strategy is a crucial management tool to create a common organizational identity. Moreover, the founder of Triciclos is particularly concerned with communicating the values of the companies to potential employees.

According to theories, most people are either from the "social world" or the "business world" and this difference, if not addressed, may have a negative effect on the enterprise (Battlilana & Dorado 2010). The companies from this study have diverse workforces from the different "worlds". However, this has not lead to tensions in the company or had a negative effect on the enterprise. Many of the companies actually report to benefit internally from their hybrid nature. This may be explained by how the individuals define themselves and the enterprise, which corresponds with the theories of Battilana and Lee (2014). For example, Triciclos considers the organizational culture to be the main value of the company, and mentioned the importance of having the values of the company in aligns with the values of the employees.

6.0 CONCLUSION AND IMPLICATIONS

6.1 CONCLUDING REMARKS

In this thesis I have sought to contribute to the understanding of the nature and potential of hybrid enterprises, and the extent to which their activities offer alternative approaches for addressing economic, social and environmental needs. Throughout the thesis I have tried to answer the following research question:

What are the characteristics of hybrid organizations, and how do they sustain their hybrid nature?

Hybrid organizations represent a heterogeneous group, and it may be challenging to generalize on the basis of the findings from this study. However, this study has shown that the hybrid organizations are characterized by having realistic visionaries as entrepreneurs, an innovative business model, and an environmental and social mission embedded within the organizational identity.

Key factors from this study suggest that the level of activity integration affects the organization's ability to carry out the economic and environmental mission. Companies can sustain their hybrid nature by designing business models that have integrated social, environmental and commercial activities. Furthermore, identifying and communicating organziational values is particularly important for hybrid organizations.

As this study has shown, the hybrid organizations are different in size, sector, how they are managed and run, legal status and operational objective. It is important for practitioners and scholars to acknowledge hybrid organizations are complex entities and a range of internal and external stakeholders influence them.

6.2 THEORETICAL IMPLICATIONS

This study implies theoretical implications, which has been highlighted in the chapter 5. However, below I will present the most important theoretical implication from the study,

related to the link between organizational identity and organizational sustainability. Battlilana and Dorado (2010) suggest that a common organizational identity is crucial for hybrid organizations and the viability of them. They draw attention to hiring and socialization policies as particularly important for creating a common identity. Similarly, the findings from this research indicate that a shared identity and shared organizational values are important for the sustainability of these organizations. Furthermore, the findings suggest that socialization policies may be important for ensuring a common identity. However, this study has not found a particular correlation between hiring policies and organizational identity, which Battlilana and Dorado (2010) highlight in their study. This implies that more research should be conducted on the hiring policies of the hybrid organizations, and what kind of policies supports the sustainability of these organizations.

6.3 PRACTICAL IMPLICATIONS

The empirical findings from this study form the basis of practical implications. Some of the founders mentioned that they had difficulties getting finance, especially in the early stages of their business. More research into funding for hybrid organizations should be conducted, so that funding schemes that fit these organization types can be further developed. The results from this study suggest that the legal framework for hybrid organizations is under–developed in the companies' respective countries, yet they behave and act as benefit corporations. Policy makers should focus on creating a fruitful environment for the hybrid organizations, and open up for new legal form that support the companies' diverse missions.

6.4 WEAKNESSES AND LIMITATIONS

This research has some weaknesses and limitations. Some of the findings may be influenced by the bias of the founders. This may be the case for organizational culture and relationship with customers and clients. Without talking to the whole organization, it might be challenging to determine to which extent the organizations have a shared organizational identity. It would have been preferable to talk to employers, in addition to the founders, to get a more holistic understanding of the organizational culture. Furthermore, measuring institutional logics in a practical context has proven to be challenging. Thus, it would have been desirable to talk to customers, suppliers and local governments, to get a more complete understanding of the external institutional demands these organizations face. Moreover, area of study may influence the findings and the small sample might be a possible limitation.

Lastly, one may question which of these findings are typical for hybrid companies, and which are more general for entrepreneurs independent of organizational form.

6.5 RECOMMENDATIONS FOR FURTHER RESEARCH

This thesis contributes to the understanding of the nature and potential of hybrid enterprise. With basis in the findings from this study, the researcher suggests several recommendations for further research on the area of hybrid organizations. These recommendations have been discussed in chapter 5, and are summarized below:

- ➢ How the hybrid organizations may sustain their hybrid nature over time
- ➢ Financing of hybrid organizations and which role impact investors, business angels and crowdfunding should have in these organizational forms.
- ➢ How a formalization of the for-benefit structure outside the U.S. affect the enterprises internally and externally.
- ➢ What are the preferred tools and performance indicators to efficiently measure social and environmental impact
- ➢ Thus, there is a need for more thorough studies of hybrid companies that bridge social, environmental and commercial logics, particularly how the organizational culture and identity affect the hybridity of the company.
- ➢ How hybrid companies can have a sustainable and healthy growth, particularly in terms of management of more people and more responsibilities.
- ➢ Generally more studies on hybrid organizations, for instance within financing and legal aspects

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ATTACHMENTS

ATTACHMENT 1: INTERVIEW GUIDE

Question	Regarding	Related to
First I want to ask you some questions about the organization and the employers.		
Can you tell me a about the company?	Characteristics	Sub-question 1
How did the company start? What where the motives for starting this company?	Organizational emergence	Sub-question 1
What is the business model?	Characteristics	Sub-question 2
How do you measure the social and environmental impact?	Measuring performance	Sub-question 1
What are your plans for the future? To Grow employees, or users? Where are you in ten years?	Scaling impact	Sub-question 1
I would also like to ask some questions regarding the social/environmental mission and your organization		
How does being social/environmental affect the company?	Institutional logics	Sub-question 2
As the manager, how do you ensure that all the employees share a common organizational identity?	Managers response to balance between logics	Sub-question 2
Can you describe the workforce composition of the organization and their background?	Multiple logics and organizational identity, organizational culture	Sub-question 2 Sub-question 3
How do the employees balance between social/environmental mission and financial concerns?	Organizational response to set a balance between logics, mission drift	Sub-question 2 Sub-question 3
What hiring and socialization policies do you use? Do you tend to focus on experience or education?	Multiple logics Organizational culture	Sub-question 3 Sub-question 3
I would also like to ask you some questions regarding the legal form of the organization, how it is financed, about customers and beneficiaries and about organizational culture.		
What legal form has the organization taken, and was it	Legal form	Sub-question 3

a conscious choice? Can you explain the rationale behind it?		
What is the reputation of the organization in the community?	Legitimacy	Sub-question 3
What are the organization´s current funding sources?	Financing	Sub-question 3
Are these sources diverse and do they provide multi-year funding?	Financing	Sub-question 1 Sub-question 3
What kinds of relationships does the organization have with its supporters and funders?	Financing	Sub-question 3
Have you though about crowdfunding for your company?	Financing	Sub-question 3
What strategy do you have for future financing?	Financing for the future	Sub-question 3
Who are your customers and beneficiaries and how would you describe your relationship to them?	Customers and beneficiaries	Sub-question 3
How many users do you have?	Customers	Sub-question 3
How would you describe your organizational culture?	Organizational culture and talent development	Sub-question 3

ATTACHMENT 2: SUMMARY OF SELECTED PAPERS ON HYBRID ORGANIZATIONS

Table 5: Selected papers on hybrid organizations

Reference	Field	Context	Sample	Major findings and conclusions
Dart (2004)	Institutional theory	To understand the emergence of new organizational forms	Historical narrative	Social enterprises are being more frequently understood through the concept of moral legitimacy. Understanding social enterprises through institutional theory, not rationalist and economic-based view.
Hsu and Hannan (2005)	Organizational theory	Identity-based conceptualization of organizational forms.	Historical narrative	Organizational form depends on the identities of the organization.
Morris et al. (2005)	Business models	Toward a unified perspective on business models.	Historical narrative	A framework for characterizing business models, with six different concepts. Suggestions to how business models might emerge and evolve over time.
Greenwood and Suddaby (2006)	Institutional theory	Examination of the introduction of new organizational form.	Qualitative analysis of the worlds largest global accounting firms: Arthur Andersen, Deloitte, EY, KPMG and PricewaterhouseCoopers	Elite, central organizations are more likely to get in contact with contradictory logics because they bridge organizational fields. Low embeddedness combined with motivation to change, often lead to actors becoming institutional entrepreneurs.
Westenholz et al. (2006)	Institutional theory	Create an overview of institutional theory on organizational behavior.	Literature review	The process of institutionalization is highly at micro level and concerns agency and identity.
Chen and O'Mahony (2006)	Organizational theory	How organization select organizing practices, given competing logics about how to organize	Case study of Burning Man and Open Source production communities	Competing logics are selectively synthesized to support rather than impede organizing effort. The research helps members to select organizing practices that avoid either extreme.
Boyd et al. (2009)	Organizational theory	To look at best practice on hybrids and	Quantitative analysis with 47 hybrids, and five case	The study revealed five common practices among hybrid organizations, in relation to mission in action,

			studies within the 47: Sun Ovens, Guayakí, Eden Foods, Maggie´s Organics and PAX Scientific	close relationship with suppliers, producers and customers, patience to create a sustainable business, limits to growth rate and market premium products.
Battlilana and Dorado (2010)	Organizational identity	How hybrids can handle the tensions between the logics they combine.	A comparative case study of the Bolivian microfinance organizations BancoSol and Los Andes.	How organizations can maintain their hybridity is discussed. In order to be sustainable organizations, hybrids need to create a common organizational identity. This can be done through the hiring and socialization policies.
Greenwood et al. (2010)	Organizational theory	Multiple institutional logics and how organizations respond to this multiple logics.	Quantitative analysis. A Spanish Survey on Business Strategies, where firms with at least 10 employees in the Spanish manufacturing sector between 1994-2000.	Organizations in the manufacturing sector face complex institutional context, which they respond in different ways.
Hoffman et al. (2010)	Organizational theory, institutional entrepreneurship	To understand how hybrids have created a viable business model that creates social and commercial value.	Historical comparative analysis.	Hybrids create positive change in two levels: firm level and institutional level. This is explained through a Sustainability-Driven Business Model that explains the hybrid's social change agency. The model has three basic elements: social change as organizational objective, mutually beneficial relationship with suppliers and supplier communities, employees and customers; and progressive interaction with markets, competitors, and industry institutions.
Hoffman and Haigh (2010)	Sustainability, positive organizational scholarship	Create a linkage between sustainability and positive organizational scholarship	Historical narrative	By using POS researchers can investigate how society can become more sustainable rather than less unsustainable, and how individuals and organizations may contribute to this development.
Pache and Santos (2010)	Organizational strategy	Prior work in this field suggests that organizations develop strategic responses in the situation of	Historical narrative	Identifying situations where conflicting institutional demands may lead to organizational paralysis or breakup. Furthermore, organizational respond to

		conflicting demands.		conflicting logics by adopting a combination practices of the logics representing.
Greenwood et al. (2011)	Institutional complexity, organizational response	How plural institutional logics are being perceived within organizations and how they respond to it.	Historical comparative analysis	An analytical framework how to respond to institutional complexity.
Pache (2011)	Organizational strategy	Which intraorganizational dynamics influence organizational response to conflicting institutional demands	Comparative case study of eight social integration enterprises in France	There is a close relationship between internal representation of the organizational leaders and the corresponding strategic responses.
Tracey et al. (2011)	Organizational theory	What kind of institutional work are required when new organizational forms are being created	Qualitative case study of Aspire, a social enterprise from the UK with the aim of providing jobs for homeless people.	New organizational forms such as hybrid organizations may be created through a process of bridging institutional entrepreneurship.
Wilson and Post (2011)	Organizational theory	Exploring the hybrid phenomenon of social business and how these kinds of organizations are designed.	Multiple case studies of seven hybrid organizations.	When mission, methods, and operalization of an organization is closely linked, the multistakeholder promise of the business model is being fulfilled.
Zott et al. (2011)	Business model	To examine the business model concept through multiple subject matter lenses	Historical narrative, of 103 publications.	Common themes on business models (BM): a new unit of analysis, BM aims to explain how firms "do business", firm activities important for BM and BM that explains how value is created.
Battlilana et al. (2012)	Organizational theory	The rise of hybrid organizations and the challenges they face.	Quantitative, 3500 early stage social entrepreneurs.	2010 and 2011: over 50% hybrid models, vs. 37% in 06. The challenges that hybrid organizations face related to: legal structure, financing, customers and beneficiaries, and organizational culture and talent development.
Besharov and Smith (2013)	Organizational theory	Expand insight into organizational hybridity.	Historical comparative analysis	Creating a framework for the nature of hybrid organization and for different types opportunities and challenges they face.
Grassel (2012)	Business model	Re-implant social entrepreneurship within the scope of entrepreneurs	Historical comparative analysis	The essence of entrepreneurship lies in the design of effective business models of social enterprises.
Haigh and	Organizational	How organizations	Historical	The study describes how

Hoffman (2012)	theory	have created commercially viable business model	narrative and case study.	hybrids emerge, the business model behind hybrids, how they operate in the market space and the challenges they face.
Jay (2012)	Institutional/organizational theory	To understand how hybrid organizations deal with institutional complexity	Historical narrative and case study of Cambridge Energy Alliance	A process model of navigating paradox in hybrid organizations and identifying a specific service paradox emerging in organizations with dual logics.
Lyon and Fernandez (2012)	Organizational strategy	Strategies for how social enterprises can scape up their impact	Case studies: One detailed and three less intensive case studies	The study comes up with alternatives for scaling up social impact: ranging from maximizing the impact internally and grow beyond the confines of the organization.
Santos (2012)	Organizational theory	Make a conceptual framework to understand hybrid organizations and its role in the society	Historical narrative	A conceptual framework that help to explain social entrepreneurship and enable more effective practices and public policy.
Battilana and Lee (2014)	Organizational theory	Hybrid organizing and social enterprise as the ideal form of hybrid organizations.	Historical narrative	The study reveals five dimensions of hybrid organizing: activities, workforce composition, organization design, inter-organizational relationships and culture.
Doherty et al. (2014)	Organizational theory	Developing a theoretical approach to explaining the management process employed by social enterprises.	Historical narrative	Social enterprises are ideal forms of hybrid organizational forms.
Ebrahim et al. (2014)	Organizational theory	Study the challenges of governance facing hybrid organizations	Historical narrative and case study of Mobile School and Vision Spring.	Hybrids need to establish organizational processes that contribute economic sustainability, without compromising their mission. Organizational governance is crucial to this process.
Haigh and Hoffman (2014)	Organizational strategy	How hybrids challenge norms about economic growth, profit, nature and society.	Historical narrative	How hybrids challenge four beliefs embedded with strategic management, related to: exponential economic growth, competitive practices, progressive meaning of sustainability
Jäger and Schröer (2014)	Organizational theory	Integrate research in social entrepreneurship, CSR, social enterprise and hybrid	Historical narrative	What characterize the hybrid organizations is the common organizational identity, which includes civil society and markets.

		organizations and create a research agenda based on organizational identity.		
Lee (2014)	Organizational theory	To examine the impact of the viability of incorporating both social and commercial mission and how hybrids can balance the tension between being neither, nor.	Quantitative, 457 nascent social ventures	Social enterprises that combine business and a social mission are less successful at achieving key entrepreneurial milestones (including acquiring external capital, legal incorporation). This may be avoided through practice integration, which means to simultaneously advance commercial and charitable goals.
Vickers and Lyon (2014)	Organizational strategy	Growth strategies for hybrid organizations	Case study of eight environmentally-motivated social enterprises	The role of values, capabilities and relational learning in shaping strategies and addressing the tensions and challenges are crucial in understanding how to create a growth strategy for hybrid organizations.