



Advantages of Hybrid Organising in Social Entrepreneurship: Evidence from Norway

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Abstract: Hybrid organising within the context of social entrepreneurship is on the rise. At the same time, social entrepreneurial ventures that adopt hybrid organising are often criticized. The literature on hybridity points to particular challenges for social entrepreneurial ventures such as conflicting institutional logics and tensions related to their dual identity and/or mission drift. Drawing on the literature on hybrid organising and social entrepreneurship, in this paper we take a contrary stance and explore the positive aspects of hybrid organising in social entrepreneurship. We ask the following research question: “What are the advantages of hybrid organising in social entrepreneurship, if any”? Using a qualitative approach, this study theorizes two main advantages of hybrid organising: sustainability of the organisational model and efficiency of the organisational model. The article also discusses the implications for theory and practice.

Keywords: social entrepreneurship, hybrid organising, advantages of hybridity.

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1. Introduction

Hybrid organising in social entrepreneurship leads to value creation which is both social and economic in nature (Battilana *et al.*, 2012; Doherty *et al.*, 2014; Santos *et al.*, 2015; Wilson and Post, 2013). Scholars have noticed that some social entrepreneurs intentionally pursue hybrid organising right from the inception of their social entrepreneurial venture (Doherty *et al.*, 2014; Chell, 2007). Some other empirical studies found that some social ventures were circumstantially led to adopt hybrid organising, instigating commercial fund generating activities to support their social objectives (Tracey and Jarvis, 2007; Tracey *et al.*, 2011). Decreased funding, subsidies and grants received from the state, public bodies and private institutions such as foundations and commercial businesses help to drive this phenomenon (Spitzeck and Janssen, 2010; Defourney and Nyssens, 2010). Others explain how social entrepreneurs face more difficulty in acquiring investors in comparison to commercial entrepreneurs (Lumpkin *et al.*, 2013).

Some scholars claim that due to the hybrid nature of social entrepreneurship, such ventures face specific challenges related to their dual identity (Battilana and Lee, 2014), conflicting institutional logics (Pache and Santos, 2013a, 2013b), higher agency costs (Tracey and Jarvis, 2007) and mission drift (Battilana and Dorado, 2010; Foster and Bradach, 2005; Kent and Dacin, 2013). Battilana and Lee (2014, p. 424) highlight that past research has often questioned the sustainability of hybrid organising due to the above mentioned disadvantages and tensions. Yet, there has been a constant rise in the adoption of a hybrid form of organisational structure in the field of social entrepreneurship (Mair and Marti, 2006; Santos, 2012). Additionally, scholars have noted that hybrid organising in the context of social entrepreneurship has been under-researched (Wilson and Post, 2013).

Following the above discussion, this empirical study focusses on this above mentioned gap in the literature and addresses the following research question: “*What are the advantages of hybrid organising in social entrepreneurship, if any?*”? Our paper draws from the literature on hybrid organising and social entrepreneurship to understand this recent change epitomized by the adoption of hybrid organising by social entrepreneurial ventures. Our level of analysis rests at the firm level. A case-study based approach has been utilized to explore the above research question. Our data analysis and findings through empirical evidences gathered from Norway suggest that there are two main advantages of hybrid organising in the social context. The study contributes by generating theoretical and practical implications of hybrid organising. Such implications could be of interest to academics, policy makers, government institutions and prospective social entrepreneurs.

Wilson and Post (2013) identified that the impacts of hybridity have not received sufficient research focus in the context of social entrepreneurship. The present study participates in this current debate at the intersection of hybrid

organising and social entrepreneurship. The paper is organised as follows. Section 2 provides a literature review on hybrid organising in social entrepreneurship. Section 3 discusses the research methodology and data collection strategy. Section 4 provides a brief background of the organisations chosen as cases in this study. Section 5 represents the analysis and findings. Section 6 discusses the contribution, limitation and proposes an idea for future research. Finally section 7 draws the conclusion.

2. Theoretical Perspective

A review of the literature on social entrepreneurship suggests that an overwhelming number of meanings and definitions of social entrepreneurship have been proposed by several studies. Similarly, over the last few decades, scholars have increasingly discussed and debated the concept of hybrid forms of organising in different industries and sectors. The next section shall highlight the literature on the intersection between hybrid organising and social entrepreneurship.

2.1. Social Entrepreneurship

Several definitions of social entrepreneurship have been compiled by Zahra *et al.* (2009, p. 521), Dacin *et al.* (2010, p. 39) and Bacq and Janssen (2011, p. 399) that have appeared over the years. In order to navigate the “*essentially contested*” space of social entrepreneurship (Choi and Majumdar, 2013) and its unclear boundaries and definitions (Hoogendoorn *et al.*, 2010), we first aim to reduce this conceptual ambiguity by clarifying the definition of social entrepreneurship that we use throughout this study. Our study agrees with the works of those authors who identify social value creation as the primary goal of social entrepreneurial ventures. Choi and Majumdar (2013, p. 372) assert that in order to define and understand social entrepreneurship, the criterion of social value creation could be accompanied by four other criteria, namely, the social entrepreneur, the social enterprise organisation, market orientation and social innovation. Often, when combined, these five criteria hold as a qualifying condition for an organisation to be viewed as a social entrepreneurial venture. Dacin *et al.* (2010) noted that social entrepreneurship has also been viewed as the execution of organised and business-like approaches in order to address social issues. Their work (Dacin *et al.*, 2010; Zahra and Wright, 2016) also discussed that the execution of CSR (corporate social responsibility) and BOP (bottom of the pyramid) strategies by conventional entrepreneurs have also been defined as social entrepreneurship in some cases. Brenneke and Spitzack (2010) categorize such social activities by individuals working in big organisations under social intrapreneurship. Our

definition of social entrepreneurship excludes those conventional commercial organisations that claim themselves to be social entrepreneurial ventures by executing a few CSR strategies. In this paper, we view social entrepreneurship “*as a process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources*” (Bacq and Janssen, 2011, p. 376). This definition of combining social goals with economic goals leads to our interest in understanding hybrid organising, as described in the following sections.

2.2. Hybrid Organising

Novel and early research on hybrid organising and hybrid forms of organisational structures was undertaken by Williamson (1975, 1991). These investigations were conducted much before hybridity in social entrepreneurship emerged as an important topic of reflection in academic literature. Powell (1987) explained that hybrid forms of organising represent a strategic fit with new demands of the market and the changing economic landscape. These scholars (Powell, 1987; Williamson, 1975, 1991) empirically as well as theoretically explained that when two or more logics combine in hybrid organisations, the strength of one logic overcomes the weakness of the other. Thus, Bradach and Eccles (1989) highlighted that hybrid organising, in many other contexts such as public-private services, partnerships and alliances, is often highly effective. More recently, Jay (2013) noted that hybrid organising combines multiple institutional logics that create a paradoxical outcome of innovative solutions to complex problems. Powell’s (1987), Bradach and Eccles’ (1989) and Williamson’s (1975, 1991) explanations of hybrid organising ruminated over partnerships and alliances in advertising, publishing, construction, and craft-based industries. The discussions generally did not extend to social organisations as they were rather charities that ran on personal funds, grants, donations and subsidies during that time. Hence we now consider hybrid organising within the particular context of social entrepreneurship.

2.3. Hybrid Organising and Social Entrepreneurship

Today, the concept of combining the logics, paradigms, structures and value systems of a social goal with an economic goal has given rise to scholarly discussions that have identified hybrid organising as a fundamental characteristic of social entrepreneurship (Battilana *et al.*, 2012; Dees and Anderson, 2003; Doherty *et al.*, 2014; Santos *et al.*, 2015; Wilson and Post, 2013). Social entrepreneurial ventures have evolved as a phenomenon that have integrated traditionally separate paradigms and activities related to for-profit organisations

with non-profit organisations (Battilana *et al.*, 2012). According to Wilson and Post (2013), this concept gives way to our understanding of hybrid organising in social entrepreneurship as the “*activities, structures, processes and meanings by which organizations make sense of and combine aspects of multiple organizational forms*” (Battilana and Lee, 2014, p. 397). Thus, Hockerts (2015) explains hybrid organising as a “*conscious cross-breeding*” of organisational logics.

In Table 1 we map out the above discussion in a matrix form.

Table 1: Matrix representing traditional organisations and hybrid social organisations

		PRIORITY	
		Social Goal	Economic Goal
SECONDARY	Social Goal	<p>A</p> <p>Non-hybrid traditional model</p> <p>Priority: Social Goal</p> <p>Example: NGOs and Charities</p>	<p>B</p> <p>Hybrid Organising</p> <p>Priority: Economic Goal/Profit</p> <p>Secondary: Social Goal/CSR activities</p>
	Economic Goal	<p>D</p> <p>Intersection of Hybrid Organising and Social Entrepreneurship</p> <p>Priority: Social Goal</p> <p>Secondary: Economic Goal</p>	<p>C</p> <p>Non-hybrid traditional model</p> <p>Priority: Economic Goal</p> <p>Example: Private Businesses and Commercial Entrepreneurs</p>

Block A represents non-hybrid traditional model of social organisations, such as NGOs and charities whose primary objective is to pursue a social goal. Block C represents non-hybrid traditional model of commercial organisations, such as private businesses and commercial entrepreneurs whose primary objective is to pursue an economic goal. Block B represents hybrid commercial organisations, such as businesses or public-private organisations that have a primary economic goal and a secondary goal of catering to CSR objectives and BOP market (Dacin *et al.*, 2010; Zahra and Wright, 2016) strategies. Finally, block D, represents hybrid social organisations, such as social entrepreneurial ventures that combine their primary mission of pursuing a social goal with an objective of generating revenue. In this paper, our focus is on firms positioned in Block D.

Hybrid organising has received several criticisms in the field of social entrepreneurship. On one hand, scholars argue that organisations that harness a social mission with commercial activities constantly face conflicting demands of competing institutional logics (Pache and Santos, 2013a, 2013b). The choice of the organisational form of such hybrid entities (i.e. social entrepreneurial ventures) often depends on the existence of ambiguity in the institutional environment (Townsend and Hart, 2008). Hockerts’ (2010) and Khavul *et al.*’s

(2013) studies pointed to how certain sectoral and macro environmental forces create tensions between social ventures' logic of conducting philanthropic activities and market-based activities. Such logic pluralities evoke tensions that trigger a drift from the organisation's primary social mission (Battilana and Dorado, 2010).

Challenges also emerge due to the divergent dimensions of accountability that social entrepreneurs face from different stakeholder interests (Ebrahim *et al.*, 2014). These divergent stakeholder interests create conflicting goals and obstruct the execution of the social mission of hybrid organisations. Smith *et al.* (2013) participated in this discussion by identifying different types of tensions, namely, tensions related to performance, organizing, belonging and learning, which emerged within social businesses. Kent and Dacin (2013) also focussed on tensions and conflicts among social businesses, focusing on the microfinance context. They suggested that such threats were caused due to permeability. They explained that permeability in hybrid organising allowed some ambiguous and loosely coupled logics to be easily influenced by other stronger logics. This creates an imbalance between the social goal and the economic goal in hybrid organisations. Similarly, Zhao and Lounsbury's (2016) empirical work highlighted that the social logic mitigated the chances of acquiring commercial funding from financial institutions for a particular type of social entrepreneurial venture, such as microfinance organisations.

As illustrated in the above examples, past studies in the social entrepreneurship literature primarily focussed on the challenges associated with hybrid organising. Such challenges increase further for youth-led social entrepreneurial ventures that work towards a double bottom line goal (Clarke and Dougherty, 2010). Sufficient research attention has not been given to our understanding of whether hybrid organising in the context of social entrepreneurship generates any positive impact. Our study investigates this current gap in the literature. Through a qualitative case study based approach, our study attempts to investigate if there are any benefits of hybrid organising in the context of social entrepreneurship.

3. Research Methodology

To answer our research question related to advantages of hybridity in social entrepreneurship, an abductive research approach has been utilized. We chose an abductive approach for two specific reasons. First, such an approach allows the researcher to conduct an interplay of empirical evidences and conceptual work, thus respecting the primacy of both (Van Maanen *et al.*, 2007). Given that our research question emerged as we were engaging in fieldwork for another academic endeavour, this approach seemed an appropriate choice. Second, it is also referred as a method that creates surprises and mystery that deviates from

established theory and creates new theory, thus leading to ‘rethink rules’ (Alvesson and Kärreman, 2007; Pierce, 1978). Given the novelty of our counter intuitive stance (‘what’s going right?’ while all extant research points to ‘what’s going wrong?’), we believe this ‘deviant’ approach was fitting.

In order to conduct an abductive analysis, we followed the steps prescribed by Alvesson and Kärreman, 2007 (p. 1269) in which, first, an “*established interpretive rule (theory)*” (i.e. challenges of hybrid organising in social entrepreneurship) is studied. Second, a surprising phenomenon (i.e. rise of hybrid organising in social entrepreneurship) is observed despite the established theory. The third step prescribes the articulation of the problem in order to resolve the surprise and establish a reason for novel rethinking and retesting of existing knowledge. However, Alvesson and Kärreman, (2007) warn that such an approach invites researchers to “*actively try to reach empirical material*” and thus may create problematization. Additionally, Weick (1999) advised how different research strategies involve trade-offs between accuracy, simplicity and generality. Indeed, in this study, we adhere to Langley (1999) and Pentland’s (1999) arguments that with such qualitative techniques, “*accuracy*” wins over “*simplicity and generality*” rendering the findings high in accuracy and closely fitted to the original data. We believe that using abductive methods is a highly fruitful (and slightly risky) research strategy which can result in novel understandings (Alvesson and Kärreman, 2007). Under such constraints, a small number of cases convey empirical richness (Eisenhardt and Graebner, 2007).

Our case studies lead us towards rethinking established theory by looking at evidences where the established theory might refuse to hold. Given their richness and in-depth focus, we believe that a case study method is appropriate to explore the dynamics of hybridity. In line with the above explanation, an abductive exploratory approach advances our knowledge through “*rich, empirical descriptions*” (Eisenhardt and Graebner, 2007) to establish different views of a phenomenon across the case studies. We studied two cases to determine if the emergent topic is idiosyncratic to a single case setting or is applicable over more than one context (Eisenhardt, 1989; Eisenhardt and Graebner, 2007).

3.1. Research Strategy: Selection and Design

Today, business schools have the onus of training responsible future leaders and managers, many of whom are expected to provide solutions to social and environmental problems by taking up the role of a social entrepreneur (Glunk and Van Gils, 2010; Tracey and Phillips, 2007). In the Spring of 2015, a meeting was scheduled between two Norwegian social enterprises and a French business school. The meeting was aimed at exchanging information and best practices. The Norwegian based organisations invited one of the authors of this study to visit their premises for a field visit. Further exchanges through in-depth interviews,

company reports and presentations followed. One of the organisations that was chosen for this study (Case#2) was involved in training and employing marginalized individuals, namely autistic adults, for software testing. The other organisation (Case#1) was a fifth generation family business that contributed to social development projects through seed funds, grants and exposure through its own business network. Case#1 was also involved with the activities of all its portfolio of social businesses by serving as a chair to those organisations. We chose this organisation as we believed it would be interesting to capture different perspectives on the challenges and advantages of pursuing a combination of both social goals and economic objectives. Moreover, the two members of Case#1 who were interviewed had prior experience with different successful as well as unsuccessful social ventures.

The founders, as well as one key stakeholder were interviewed from both organizations. For Case#1, the director of the social entrepreneurship department and for Case#2, the chairman and shareholder of the company were interviewed. Following an interview protocol, the respondents were asked questions on their organisations' mission, vision and objectives. The discussion also revolved around the social and economic activities of their social entrepreneurial venture. All these interviews and conversations helped in gaining information about the history and background of the organisations, their organisational structures, the challenges that they faced and their future strategies.

The discussion and the questions varied slightly on a case-to-case basis. The interviews lasted between 30 minutes to 150 minutes. All the interviews were recorded through hand-written notes. In short, primary data was collected through four in-depth interviews, observation during field visits and the resulting field-notes. Additionally, secondary data was collected from company websites, power-point slides, press releases, company documents and videos uploaded on the internet. This supplementary data helped us to 'triangulate', where we intentionally double checked our data by using multiple sources and modes of evidence (Miles and Huberman, 1994).

4. Case Descriptions

This section outlines the cases that are used in this qualitative study.

Case#1: FERD Social Entrepreneurs

FERD is a family owned financial investment company with its history dating back to 1849. The company is headquartered in Lysaker (a suburb of Oslo) and operates only in Norway. In 2008, Johan H. Andressen Jr., who is the fifth generation owner and chairman of the company, launched the social entrepreneurship department and named it FERD Social Entrepreneurs (or FERD SE). FERD SE invests in social entrepreneurship projects - providing resources

such as soft loans and grants to social entrepreneurs who share FERD SE's vision and values. The company assesses projects that are in their pre-launch phases - putting them through competitive processes whereby they are measured against a set of pre-defined criteria some of which are '*measurable social results*', potential '*financial sustainability*', solution impact and '*scalability*'. The social entrepreneurs' entrepreneurial ability and motivation is also considered.

If successful, the financial resources that FERD SE contributes to the social entrepreneurial venture can extend up to a period of three years and sometimes up to six years. The assessment process continues even after the post-launch stage. After a period of three to six years, the social entrepreneurial venture is expected to adopt entrepreneurial means and survive on a self-earned income. FERD SE also contributes by sharing its expertise in business development, strategic management and exposure to FERD's network with its portfolio social entrepreneurs. Since 2008, the organisation has contributed towards creating social as well as economic value. Today, some of FERD SE's social entrepreneurial ventures have been successful while others have either ceased to exist or are still struggling to survive.

Case#2: UNICUS AS

UNICUS is an example of a successful social entrepreneurial venture and is an active member of the FERD Social Entrepreneurs' alumni portfolio. Lars Johansson-Kjellerød founded UNICUS in 2009. Headquartered in Lysaker (a suburb of Oslo) and operating only in Norway, UNICUS' mission is to enhance the lives of individuals diagnosed with Asperger's Syndrome by offering them employment. Individuals with Asperger's Syndrome often face difficulties in communication and social interaction, and suffer from loneliness and depression. They mostly use the left side of their brain, focusing on logical, analytical and detail oriented tasks – tasks which are highly compatible with software testing. UNICUS trains and employs individuals diagnosed with different levels of autism spectrum disorder. The company acknowledges these individuals as a "*strategic resource*" for their organisation and strives to give 'ordinary jobs' to people with autism. UNICUS AS is a market-oriented provider of software testing and quality assurance services and provides services to organisations such as Telenor and Statoil. From its third year of inception, the organisation started generating revenues. Today it is a social entrepreneurial venture that believes in pursuing a double bottom-line objective by weaving financial into its prime mission, that is the social mission.

The table in the next page (Table 2) gives an overview of both firms.

5. Analysis and Findings

Our research revealed interesting insights on the main advantages generated from a hybrid organisation structure within the context of social entrepreneurship. Following abductive methods, we sought to deconstruct and reconstruct our knowledge in terms of theory and evidence. In the following section, we give a voice to actors in the field, and document their vision of the main advantages of hybrid organising. Two main themes emerged from our cases as to why a double bottom line logic must be pursued by social entrepreneurs.

Table 2: Summary of Cases

	Case#1: FERD Social Entrepreneurs	Case#2: UNICUS AS
Year founded	2008	2009
Sector	Social Development Projects in all sectors	Software Testing
Headquarter	Lysaker (suburb of Oslo), Norway	Lysaker (suburb of Oslo), Norway
No. of employees	n/a (extracts HR from other departments of FERD)	22
Name of founder	Johan H. Andresen	Lars Johansson-Kjellerød
Nationality of Founder	Norwegian	Swedish
Person Interviewed	<ol style="list-style-type: none"> 1. Johan H. Andresen (Owner and founder) 2. Katinka Greve Leiner (Director) 	<ol style="list-style-type: none"> 1. Lars Johansson-Kjellerød (Owner and Founder) 2. Sverre Weisteen (Shareholder and Chairman of the Board)

Advantage 1: Sustainability of the organisational model: One of the main themes that emerged from the cases constantly accentuated how hybridity allowed a sustainable model for the social entrepreneurs. From the analysis of the recorded data, transcriptions, hand written notes, press releases and you-tube videos, the study discovered that it was important for the founders to provide an impetus for an organisational model that is stable and sustainable. The founders also emphasized the need for “*scalability*” by being “*sustainable*” in the long-term. They believed that one of the ways to achieve this was by actively embedding the social mission in the commercial activities of the venture.

Founder of Case#1 explained that without being financially independent in the long run, the social goals are difficult to achieve solely through aids and grants. He also mentioned that his experience in the field made him realise that all social entrepreneurs faced challenges when it came to financing resources and activities. The direct verbatim from the founder and CEO and the director of Case#1 are represented below:

“Basically they (i.e. social entrepreneurial ventures) are like any other start-up company... the difference is that they have a social goal... but beyond that they have the same challenges when it comes to growth, recruitment, focus... services”... “They are driven by creating social results, and manage to organize the activity around their solution in a way that gives the company long-term viability”- Founder and CEO of Case#1.

“And they have to be able to make them more, (which is difficult), economically sustainable business models which is a challenge and there are a lot more social entrepreneurs out there who will never be able to do that. But we want to find the ones who pioneer the business model that makes them viable and self-sustainable because the ultimate target is actually to go from expenditure, from the government’s side and to create people out there, youngsters who can handle their lives and bring revenue for the government and for the society”- Director of Case#1.

The Director of Case#1 informed that she constantly evaluated the social impact created along with the ventures’ resource stability. At the same time she evaluated when the social businesses might be financially at risk. The director explained that without creating a sustainable model that generated self-earned revenue, the social entrepreneurs ran the risk of bankruptcy. This could ultimately lead to the abandonment of the social objectives that the organisation aimed to pursue.

The Founder of Case#2 mentioned similar concerns. He stressed how financial outcomes were very important for the sustainability of their model. He explained that he was driven by values and “*good karma business*” and by “*give(ing) ordinary jobs to people with Asperger Syndrome*”. The surplus generated through commercial activities was used in re-investing in the organisation for activities such as recruiting and scaling. He explained that the financial rents helped his company to remain financially stable and sustainable, but was also a means to reinvest into the sector in which he was operating. In some occasions, when a surplus was produced, it was donated to the Autism Society in Norway. Lars (case#2) believed that reinvesting the profit to improve the lives of autistic people who could not be integrated into the employment sector was another advantage of his organisational model. He also explained that his organisation catered to individuals around the Oslo region. However, even with the surplus, he has financial difficulty and resource constraints to expand in Norway. The founder also expressed that profit maximization was not their goal, however, generating income to remain stable and sustainable was one of their priorities. Hence, our data analysis discovered that the above organisations believed in accommodating a market oriented activity as they realized that reliance on donations, grants and philanthropy could risk financial stability in the long-term.

Advantage 2: Efficiency of the organisational model and the economic system of the Norwegian state

It was noticed that the organisations emphasised hybrid goals, that is, social as well as business related goals as they believed that would create an efficient organisational model. The importance of a hybrid structure in yielding tangible and intangible returns on social investment was a recurrent finding. According to all the interviewees, an efficient model is one that is ‘easily scalable’, creates ‘impact’, and could generate capital for reinvestment. Accommodating both social and business oriented goals within the business model was, thus, very important for them. For example, one of the shareholders and chairman of the board of Case#2 explained:

“I was also in contact with some others (i.e. social entrepreneurs) in an innovational way...and this guy (i.e. founder of Case#2), he got me to look into this..... they (i.e. other social entrepreneurs) have the very drive, but it is not all who are thinking business-wise,....”.

The Chairman emphasised that social innovation harnessed with an organised and business-like approach is important for UNICUS to pursue. This eventually would result in organisational efficiency.

The founder and CEO of Case#1 expressed that even in a welfare-oriented state like Norway, the government often reacts slowly to various social and environmental demands and challenges. At FERD, they explain that:

“Historically, we in Norway are accustomed to organizations and companies whose social goals are financed through grants and gifts, largely from public or private foundations. The challenge with this is that these companies depend on their good donors, both private and public, in order to maintain or increase activity. Compared with the needs of the "social market" it is easy to see that the gifts are not reaching. This is a challenge for many big and ideal(istic) actors”.

The founder and owner believes that individuals and organisations have to be proactive by taking action instead of wasting time for external institutions to extend funds. From his past experiences, he realised that social entrepreneurs must accompany their social mission with self-earned revenue. This not only makes the organisations free from external reliance, but also leads the organisation towards efficiency. Thus he explained:

“I do not have a life long enough to wait for the government (to) find solutions”.

Additionally, he expressed that social entrepreneurs have a lot to contribute. At the same time, he believed that applying and waiting for donors or the government to give grants and tax rebates is not the most efficient solution.

The founder of Case#2 explained that they were always trying to create a “*perfect match for software testing*” by recruiting the right employee for their clients. He elaborated that individuals with Asperger’s syndrome were the perfect individuals to conduct monotonous, repetitive and logical jobs such as software testing. He also explained that such people were marginalized in most societies, yet the society does not realize that they have the potential to perform better than an average individual in software testing. At the same time, the software testing is a lucrative sector. This match gave his organisation the competitive advantage which cannot be equated with the leaders in the industry. Their double-bottom line objective reflected an advantage that helped them efficiently run the organisation, through paying rent, employee salaries and buying the necessary resources such as computers and laptops. Additionally, such an approach also benefited the Norwegian state and the society at large. His verbatim explains:

“It is efficient to have one person (in UNICUS) who is on disability benefits - and most likely had been there all his life - out of work, is quite simple”.

The founder of Case#2 explained in detail that one of many reasons their company’s double-bottom line strategy was efficient was because it also created economic value to the Norwegian government. Over the life-time of one employee, UNICUS AS approximately saved the Norwegian government more than one million euro (NOK 11 million) for every employee that they recruit. This created a long-term social impact in the lives of the Norwegians as money incurred by the government through taxes could be used for other activities. Thus, his organisation not only had financial objectives to run efficiently, but their organisational model also helped in creating an efficient economic system for the Norwegian government.

6. Contribution, Limitation and Future Research

Research on hybridity in social entrepreneurship is constantly growing (Battilana and Lee, 2014; Hockerts, 2015; Hoogendoorn *et al.*, 2010; Pache and Santos, 2013a, 2013b; Santos *et al.*, 2015). Contrary to extant research, which emphasizes the challenges and tensions inherent in hybrid organizing, in this study we sought to expose the advantages generated by combining a social objective with a financial goal. The social venture founders, managers and stakeholders we spoke with expressed the need for their ventures to remain stable, sustainable and efficient. It was this need which prompted them to derive their income from commercial methods instead of relying on philanthropic funds.

Our study contributes to social entrepreneurship theory and practice in two ways. First, this paper contributes by responding to current criticism that hybrid organising often faces in social entrepreneurship. Our study tends to reconcile this debate in the literature by empirically explaining the two main advantages

that could be associated when financial goals are linked with social mission. However, we do not discard that certain risks such as tensions related to conflicting logics, dual identity and mission drift could also be associated with hybrid organising. Dees and Elias (1998) validated this concern by highlighting that “*it would be a mistake to exaggerate or oversimplify the gap*” between a social purpose goal and a commercial goal (p.174). Second, our findings also suggest implications for practice as it makes policy makers, mainstream entrepreneurs, educational institutions and prospective social entrepreneurs aware of the problems as well as the advantages associated with hybrid organising. Having an understanding of both the problems as well as the advantages would allow the endorsers of hybrid organising to act more responsibly.

In terms of limitations, it can be argued that our findings cannot be generalized or applied to all situations. However, we believe that our abductive approach allowed us to follow a path of unpacking and repacking theory (Van Maanen *et al.*, 2007) from our two cases, leading to a more in-depth understanding of hybrid organising.

7. Conclusion

Social entrepreneurship is undergoing a transition where stakeholders not only want to create social value, but also value for their employees and customers by being sustainable and efficient in the long-term. In other words, financial and macro-level impediments can pose a barrier to social entrepreneurs in achieving their tasks. Once the social entrepreneur achieves financial freedom, it allows a financially stable organisational model that in turn advances towards long-term value creation. Additionally, paying attention only to a social mission and ignoring a financial objective could create impediments, delays and wastage of time when searching for funding. This could inhibit the effectiveness of the social impact. Thus, this paper promotes the idea that financial sustainability and creating efficiency in the social and economic system are some of the most important preconditions in order for social entrepreneurs to be able to solve existing social problems.

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