MUCH ADO ABOUT NOTHING? A COMPARATIVE STUDY OF HYBRID SOCIAL ENTERPRISES AND NONPROFIT ORGANIZATIONS IN DEVELOPING AND DEVELOPED ECONOMIES (INTERACTIVE PAPER)

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Principal Topic

In the social entrepreneurship space, hybrid organizations combine both market and social welfare logics (Lee & Battilana, 2013) in that they try to alleviate social problems while adopting commercial strategies as their revenue sources. The growth in such hybrid organizations makes them of interest to traditional for-profit entrepreneurial firms since they have become both competitors and acquisition targets. Hybrids also compete with traditional nonprofit organizations for funding and support. As a consequence, valid questions have been raised about the sustainability of hybrid models and missions. In this paper, we examine the unique factors underlying the development of hybrid organizations, including sector of activity, type of economy (developing versus developed markets), age, geographical reach and operating budget. We also examine how hybrids create social impact as well as the degree to which their models are scalable over the long-term.

Method

To understand the differentiating factors of hybrid organizations and their ways of scaling, we gathered primary qualitative and secondary quantitative data from 246 Schwab Foundation social enterprises.

Results and Implications

Traditional non-profits were found to be serving larger number of beneficiaries with relatively smaller budgets as compared to the hybrids. Non-profit hybrids were serving a greater number of beneficiaries as compared to for-profit hybrids. Non-profit hybrids from developed countries were able to reach out to a significantly larger number of beneficiaries as compared to non-profit hybrids from developing countries. This could be explained by the social enterprise's core focus on reaching out internationally versus focusing on their home country. For-profit hybrids from developed countries however, had fewer beneficiaries than those from developing countries. In terms of implications, our study provides insights on discriminating factors and scaling issues of hybrid and traditional non-profit social enterprises that will help in understanding the impact of social enterprise scaling. Insights from in-depth cases on social enterprises in developed and developing countries assist us to better understand a) how scaling wider versus scaling deeper creates social impact, and b) how hybrid social enterprises perform in terms of resources and revenue generation in both developing and developed economies.

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