Ca' Foscari University of Venice

VENICE SCHOOL OF MANAGEMENT

Working Papers Series

Cecilia Mereghetti and Massimiliano Nuccio

Towards a taxonomy of hybrid organizations



Working Paper n. 02/2025
February 2025

ISSN: 2239-2734

This Working Paper is published under the auspices of the Department of Management at Università Ca' Foscari Venezia. Opinions expressed herein are those of the authors and not those of the Department or the University. The Working Paper series is designed to divulge preliminary or incomplete work, circulated to favour discussion and comments. Citation of this paper should consider its provisional nature.

Towards a taxonomy of hybrid organizations *

CECILIA MEREGHETTI
Cecilia.mereghetti@unive.it
Venice School of Management
Ca' Foscari University of Venice

MASSIMILIANO NUCCIO
Massimiliano.nuccio@unive.it
Venice School of Management –
BLISS Digital Impact Lab –
Ca' Foscari University of Venice

(February 2025)

Abstract: Organizations are usually distinguished on the basis of their purpose, with a historically marked dichotomy between for-profit and nonprofit. Over the years, there has been a shift to a more fluid interpretation, a spectrum, at the ends of which the classical conformations remain and within which various hybrid forms of organizations lie. Although over time these forms of hybridity have been studied from different perspectives – organizational, institutional, legal – a comprehensive and integrated view of these different dimensions is lacking. The paper aims at systematizing the concepts of "hybrid" available in the literature and bringing order to the landscape of organizations that, in various capacities and with varying degrees of priority, pursue goals related to sustainability and the improvement of environmental and social conditions in their context of interest.
After the introduction of the different types of enterprises and the hybrid spectrum, the paper approaches the conceptual issues – whose implications, however, are interpretive and practical – related to the idea of hybridity, addressing the main literature and identifying the main types of hybrid organizations (HO) currently existing. After this first step, it tackles issues regarding the legal forms that HOs can take, in different parts of the world or within the same regulatory framework. Finally, the concept of certifications is explored as an additional regulatory and identifying step.

Keywords: Hybrid organizations, benefit corporations

JEL Classification Numbers: L31, M14

* This study was carried out within the project ***"Data Driven Innovation. Measuring its Effects on Industries, Firms and Business Models"*** **prot. nr. 2022JHZL37** and received funding from the European Union Next-GenerationEU - National Recovery and Resilience Plan (NRRP) – MISSION 4 COMPONENT 2, INVESTIMENT 1.1 Fondo per il Programma Nazionale di Ricerca e Progetti di Rilevante Interesse Nazionale (PRIN) – **CUP N. H53D23002450006**. This manuscript reflects only the authors' views and opinions, neither the European Union nor the European Commission can be considered responsible for them.



Correspondence to:

Massimiliano Nuccio	VSM- Università Ca' Foscari Venezia San Giobbe, Cannaregio 873 30121 Venice, Italy
Phone:	[+39] 041-2348845
E-mail:	massimiliano.nuccio@unive.it

1. Introduction

Organizations have different impacts because they have different missions and purposes. Social, environmental as well as cultural issues related to the activities of organizations are emerging more and more strongly, and they are also increasingly part of the goals – stated or implied – of the organization itself (Poponi et al., 2019). Increasingly, businesses that also carry out social or environment-related projects are springing up, in a more or less structured and systematic way, alongside organizations that make these issues their main mission, sometimes at the expense of profit. As a result, new business models have also emerged and evolved over the years (Tabares, 2021).

Studying organizations that have diverse relationships with or claims regarding social, environmental or cultural issues, one inevitably comes across a complex world of definitions and practices that have evolved especially in the last two decades, but whose genesis can be traced back to the 1990s (Bruce & Jordan, 2007).

The study of multi-purpose (Levillain et al., 2015) organizations is the typical topic where practice appears to have gone faster than the theory and the literature (Nicholls, 2009): more and more types of enterprises have developed in what is called the "hybrid spectrum" (Alter, 2007), i.e., that are positioned in a range between pure For-Profit Organizations (FPOs) and pure Nonprofit Organization (NPOs), depending on the "degree" of importance attached by them to a mission beyond economic profit.

Although business models, legal statuses, and individual specific activities that can be pursued by this set of organizations have multiplied, the literature shows a lack of comprehensive view able to connect different purpose-driven forms to each other. Furthermore, differences in the nomenclature of various types of organizations inevitably lead to problems of interpretation in the study of these phenomena.

The paper offers a first systematic overview of the practices of multi-purpose organizations by bringing together the literature from various related disciplines, in order to provide a taxonomy – as comprehensive as possible – of forms of organization dealing with interests "other" than profit, with a special focus on the most recent and innovative business models. The attempt to represent organizations as part of the hybrid spectrum in an aggregate manner has limitations, including the risk of oversimplifying similarities, dissimilarities and interconnections between different types of organizations and activities.

In the vast literature on *hybrid organizations* (HO), beginning with the seminal contributions of Battilana (e.g. Battilana & Lee, 2014), there has been much focus on the aspect of organizational hybridity and the types of logics that can be executed within these organizations. There is also a stream of literature that deals with institutional hybridity (Cao & Gehman, 2021; Rawhouser et al., 2015), and some authors who have studied specifically certain organizations with peculiar legal structures (Andreadakis, 2022; Weismann, 2017). However, it is very difficult for these concepts to be systematized and considered comprehensively, despite the fact that they are dimensions that cannot be separated from each other.

What this research attempts to do, therefore, is to synthesize the organizational, institutional and technical/legal dimensions into a conceptual map that can give an encompassing view of HOs and help to understand them in a more organic and functional way to contemporary business analysis. Secondly, this paper works also as an update in temporal terms, given that the most recent developments in the field inevitably need to be integrated with respect to the studies, still relevant, of past years.

2. Evolving business models and the "hybrid spectrum"

Organizations come into existence for a variety of reasons, but their reason for being is what is called purpose. The purpose can be of a variety of types, and it depends on the reason for which that organization was conceived and founded. Typically, corporations and firms are those that generate profit, while other organizations, the nonprofit ones, are based on "noble" motives, and have totally different purposes (Davies & Doherty, 2019; Burton & Brister 2012; Hestad et al., 2021). For a very long time this dichotomy was taken at face value and was the state of the art; all organizations in one way or another had to fall into one or the other category. The problem is that not all organizations fall into it, and over time practitioners and scholars (Levillain et al., 2015; Nicholls, 2009) have had to find a way to rationalize all those forms of organization that have as their purpose neither purely profit nor purely humanitarian ends.

Alter (2007) introduced and visualized the concept of the "hybrid spectrum" (*Figure 1*), placing pure identifications of the concepts of profit and nonprofit at the extremes and effectively defining the distance between the two as a range in which different organizations that lean, in varying degrees, toward one end or the other can fit.

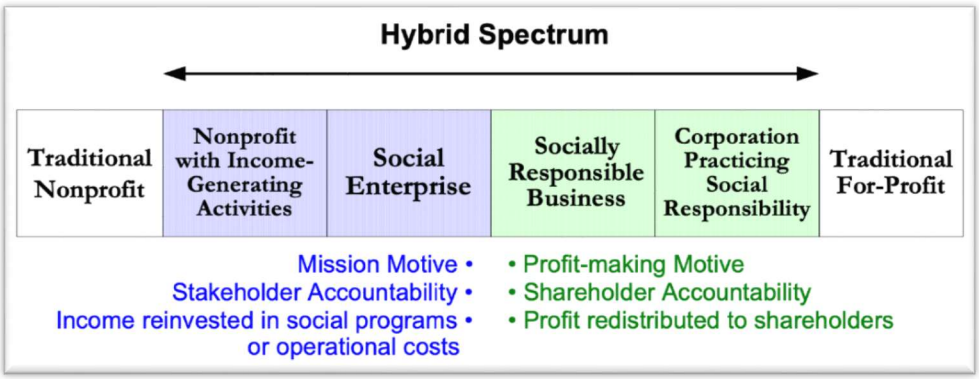


Figure 1. Hybrid Spectrum (source: Alter, 2007).

The *For-Profit Organization* (FPO) is the classical enterprise whose dominant rationale is profit-driven as its sole core stated mission (Davies & Doherty, 2019). Its results must achieve an established financial target and generate a profit for its stakeholders (Burton & Brister 2012; Davies & Doherty, 2019) (e.g., owner/members/shareholders). There has been a recognition

over the years by FPOs of the importance of contributing to improving the conditions of the context in which they operate (local and global, depending on size and reach), including offsetting negative impacts, and as a result there has been an increase in the commitment of these companies to pursue ethical messages and practices aimed at this goal (Crane et al., 2014). In particular, actions that refer to two macro groups have taken hold:

- *Corporate Sustainability* (CS): actions aimed at improving the company's sustainability, covering economic-financial, social and environmental aspects (Carollo & Guerci, 2018). CS is usually put into practice through a clear strategy, which should be linked to a medium- to long-term vision of the company's choices and the impact it wants to have (Baumgartner & Ebner, 2010). While the degree of effort and the type of strategy is determined on a voluntary basis (see Baumgartner & Ebner, 2010), they often represent and manifest tensions within a company (Van der Byl & Slawinski, 2015), as the principles of identity and ideals of sustainability clash (Carollo & Guerci, 2018).
- *Corporate Social Responsibility* (CSR): actions aimed at improving socio-environmental conditions, seen as a moral obligation (responsibility) of the company to compensate for its negative impacts (Diez-Busto et al., 2021; Lähdesmäki, 2012). There is thus in part a "justificatory" goal, whether vis-à-vis the public, governments, or consumers – implementing CSR actions improves image and positive impact on the external context (Crane et al., 2014; Lähdesmäki, 2012).

The difference between the two groups of action is often subtle, though it could be summarized as CS being more linked to long-term strategy and a conceptual approach, and CSR being more linked to day-to-day management and shorter-term objectives and results. In any case, raised awareness to the sustainability of businesses and to the reduction of their impact has become a central point in the discourse within and around firms (Baumgartner & Ebner, 2010), and it underlies both groups of action. It can be taken very seriously (especially in recent decades) and integrated organically into the company's operations in the case of particularly "enlightened" or theme-sensitive management (Lähdesmäki, 2012; Santos et al., 2015). Conversely, it can also be pursued superficially and instrumentally (Lähdesmäki, 2012), simply to respond to public criticism for not paying attention to or getting involved in specific issues (e.g., the many "-washing" the public is increasingly becoming aware of) (Baumgartner & Ebner, 2010; Velte, 2022).

On the opposite side of the spectrum, we find the *Not-for-profit (nonprofit) organizations* (NPOs), that is, organizations whose purpose is not commercial but social, environmental, cultural (Burton & Brister 2012; Davies & Doherty, 2019). NPOs can have very different stated missions, just as they can vary profoundly in internal structure and mode of action.

There are NPOs that base their activities solely on donations from outside (from private individuals or even governments, depending on their country's legislation), which they use by redirecting them to the projects they carry out locally or around the world (Cooney 2006).

There are also NPOs that, in addition to donations, carry out activities that generate their own profit (Cooney 2006): this, however, is not the organization's ultimate goal – it does not make money to give a profit to its stakeholders, but to finance social/environmental benefit projects,

make itself more economically independent in order to be able to increase its reach (Hasenfeld & Gidron, 2005). It could be synthesized that while FPOs pursue profit, NPOs pursue impact (Santos et al., 2015).

Over the years we have increasingly seen a hybridization of FPOs and NPOs (Davies & Doherty, 2019), with the emergence of organizations that simultaneously (and equally) pursue at least two missions (Billis, 2010; Burton & Brister 2012; Busco et al., 2017; Cooney 2006): profit and social-environmental improvements, i.e., profit and impact (Santos et al., 2015). It is a complex business model, where the interest of stakeholders (and their profit) is not the only priority of HOs (Burton & Brister, 2012): the interest of the community is also a priority and thus its pursuit can justify the failure to satisfy stakeholder interests.

There are several motivations behind this shift towards the social responsibility of organizations. First, the growing awareness among executives and managers of the role of firms in shaping the world around them (Crane et al., 2014; Lähdesmäki, 2012), but also in creating new markets and strategically positioning themselves according to new public sensitivities and opinions (Crane et al., 2014). Additionally, the shift toward hybrid forms of organization is made to coincide with a historical phase of government encouragement to private firms to provide welfare/services and community well-being, in several countries around the world (Hall et al., 2016; Cornforth & Spear 2010; Bacq & Jassen 2011). Some authors argue that this shift was promoted by a failure of governments to actually provide services for their citizens and communities (Zollo et al. 2023; Sacchetti and Borganza, 2020; Salamon, 1987). Regardless of the profound reasons and the position of scholars within the debate, the result has been a substantial endowment of private firms as agents of positive change in communities and the environment (Artz et al., 2012).

One of the founding characteristics of HOs is that within them always coexist at least two institutional (Busco et al. 2017; Davies & Doherty, 2019) or organizational (Cooney 2006) logics, often at odds with each other (Davies & Doherty, 2019) – the commercial/profit-oriented one, and the social/environmental one – which trace back to the two specific purposes of the organization.

Balancing the pulls of the different logics is the fundamental key of organizational efficiency, which the survival of the organization itself depends on (Busco et al. 2017), and which requires, depending on the organization, an integrated (Burton & Brister 2012) and harmonious (Davies & Doherty, 2019; Battilana et al. 2012; Ebrahim et al. 2014) or conversely differentiated and disjointed (Ebrahim et al., 2014; Battilana et al., 2012; Davies & Doherty 2019; Busco et al., 2017) approach. The difficulty of balancing the two logics often results in tensions (Davies & Doherty, 2019) to the point of some so-called “paradoxes” (Jay, 2013; Kannothra et al., 2018; Maine et al., 2021; Marinov et al., 2022; Reuter, 2022) in the management of these types of organizations, which cannot always be resolved by traditional business management operations.

The literature provides a distinction between two main strategies to manage the two logics. The first is integrating (Battilana et al., 2012; Ebrahim et al, 2014; Davies & Doherty, 2019; Tykkyläinen & Ritala, 2021; Yaari et al., 2021) or reconciling (Busco et al., 2017), meaning that these organizations “promote a double bottom-line” (Yaari et al., 2021, p. 293; Cao et al.,

2017) by identifying the beneficiaries of their activities with their clients (Yaari et al., 2021). The second main strategy is differentiating (Battilana et al., 2012; Ebrahim et al, 2014; Davies & Doherty, 2019; Tykkyläinen & Ritala, 2021; Yaari et al., 2021) or decoupling (Busco et al., 2017), meaning that these organization make a distinction between clients and beneficiaries, so that they need to implement different actions to engage with both (Yaari et al., 2021). There may be other strategies for overcome paradoxes (see for example Battilana & Lee 2014; Santos et al., 2015), but such a typology within HOs is not particularly distinctive in this setting. In general, it can be argued that there are no standard solutions for resolving the conflict between different institutional logics, so often each individual HO is unique, and the heterogeneity of this category of organizations is one of its main characteristics (Busco et al. 2017) – leading to a difficulty in clearly defining and categorizing what an HO actually is, and what criteria it must adhere to in order to be considered one.

3. Types of HOs: conceptual issues, practical implications

The first step to gain clarity on what HOs are and what they specifically deal with is to start with their definition. Some literature equates the concept of hybrid with the presence of conflicting tensions within the organization due to different interests and purposes, but not necessarily with a true correspondence with the stated mission (Battilana & Lee 2014; De Waele et al. 2021).

While it is true that heterogeneity is an inherent characteristic of the category of HOs (Busco et al., 2017), an initial element of confusion concerns the concept of hybridity itself. In the literature there is reference to two main forms of hybridity (Santos et al., 2015; Cao & Gehman, 2021), that we try to present below.

A first type of hybridity is the *institutional hybridity* (Cao & Gehman, 2021; Rawhouser et al., 2015), whereby HOs - in terms of interest in social and environmental issues – would be the result of specific institutional choices and conditions ("institutional matrix"; Cao & Gehman, 2021, p. 10), such as the presence of environmental incentives or particularly favorable tax conditions, or the strength of the nonprofit sector, or others. This reasoning also ties in with the policy choices that are proposed in different systems and markets, in which organizations are immersed and which influence their strategic choices (Cao & Gehman, 2021; McMullen & Warnick 2016). For some authors, this kind of hybridity is an imposition, and can be an obstacle to firms' growth (Cao & Gehman, 2021; McMullen & Warnick 2016), while for others it can be a competitive advantage on the market (Cao & Gehman, 2021; Fosfuri et al., 2016).

Public-Private Partnerships (PPP) are a very common example of institutional hybridity in healthcare and education, but also in infrastructure (Secinaro et al., 2019; Liu et al., 2014). They deal with the almost always incompatible logics of public utility and market survival (Skelcher & Smith, 2017). In these cases, a true partnership between a public institution and a private company (FPO or NPO) is adopted and a new company is founded typically to manage an institution such as a hospital or university (Gebreiter & Hidayah, 2019; Powell & Castelli, 2017), or to complete large infrastructure projects (Grossi & Thomasson, 2015). This type of organizations ties public and private, and are often linked to the principles of New Public

Management (NPM; Secinaro et al., 2019; Gebreiter & Hidayah, 2019). In this particular "institutional" category we may have also specific organizations, like *Municipality-owned corporations* (MOC) (Krause & Swiatczack, 2020; De Waele et al., 2021), *State-owned enterprises* (SOE) (Giosi & Caiffa, 2020; De Waele et al., 2021), and Knowledge intensive public organizations in the education and healthcare sectors (Gebreiter & Hidayah, 2019; De Waele et al., 2021; Grossi et al., 2020), but also NPOs and third sector organizations that promote voluntary work (Hasenfeld & Gidron, 2005; De Waele et al., 2021; Skelcher & Smith, 2015). In particular, NPOs have been linked with the concept of hybridity and studied as HOs (De Waele et al., 2021), however here we believe this requires clarification. In the studies that treat NPOs as HOs, the specific reference is to that category of NPOs that not only receive funds from outside donors, but also make use of commercial activities to raise funds to reinvest in their projects and the community at large (Hasenfeld & Gidron, 2005; Smith, 2014; Cooney, 2006). These particular NPOs can actually be considered – and are so defined even in the literature – as examples of Social Enterprises, although this is a broader category.

The second type of hybridity – and the one that fits the "two missions, two logics" criteria the most – is the *organizational hybridity* (Battilana & Lee, 2014; Davies & Doherty, 2019; Haigh & Hoffmann, 2012; Cao & Gehman, 2021; Roth & Winkler, 2018). This means that to fulfill their double mission, organizations have to take on specific organizational forms (Cao & Gehman, 2021; Roth & Winkler, 2018). The main contributions within this definition of hybridity have been made by Battilana and others in the 2010s (Battilana et al., 2012; Battilana & Lee, 2014; Ebrahim et al., 2014), which have become the gold standard and go-to literature to build on when studying HOs, and the main definition adopted. However, the topic remained relevant and unexplored in some ways, and over time many other authors have further developed the discourse on HOs and organizational hybridity. De Waele et al. (2021) mention that many organizational forms have been studied within the HO category.

One of the most popular forms of organizational hybridity is the *Social Enterprise* (SE). Their business model was developed in the UK in the late 1970s to counter the traditional commercial enterprise (FPO) logics. There is no single legal definition of a SE (cfr. European Commission 2015, pp. 16-18), although many (scholars and institutions alike) have tried to give as complete a definition as possible (see for reference: Haugh, 2005; Sud et al., 2009; Schätzlein et al. 2023; Samsuddin et al. 2021), as it is probably the most studied type of HO.

The OECD (1999, 2022) defines SEs as highly participatory enterprises with actively involved stakeholders and a minimum number of paid employees. Davies & Doherty (2019, p.1044), quoting a report by the European Commission[†], state that "[…] a social enterprise is defined as an entrepreneurial organization that engages in economic activity and focuses on achieving wider social, environmental, or community objectives. In addition, they are independent and employ participatory governance models, and, if financial surpluses are generated, they are

[†] To access the full report, see: http://ec.europ a.eu/growth/sectors/social-economy/enterprises_en. Last accessed 21 May 2024.

largely reinvested in societal objectives". Very broadly, SEs can be defined as companies that redirect their profits into a strong social or environmental purpose.

As for terminology, In the European Commission 2015 report mapping social enterprises in Europe, it is mentioned that social enterprises carry a different name in each country's jurisdiction (p.55): *"[...] in Denmark it is a 'registreret socialøkonomisk virksomhed'; in France it is an 'entreprise solidaire d'utilité sociale'; in Luxembourg it is a 'société d'impact sociétal'; in Malta it is a 'social enterprise company'; in Romania it is a 'întreprinderil sociale'"*. And so on. The names differ, but the main definition is the same, and they all fall into the umbrella of SEs.

Today, SEs exist in almost every sector, but because the primary goal is not profit-maximization, they operate differently from standard companies, standing at the intersection of the private and voluntary sectors. They seek to balance activities that provide financial benefits with social goals (e.g., housing for low-income families or vocational training). Funding is usually obtained through the sale of goods and services to consumers (much like an FPO), and secondarily through grants. Although profit-making is not the primary motivation of a SE, revenue still plays an essential role in the economic/financial sustainability of the enterprise. Own revenue sustainability differentiates an SE from a traditional charity or NPO that relies on external funding to fulfill its social mission (NPOs that instead pursue activities related to raising funds to donate to their projects may be considered SEs) (Cooney, 2006). The difference lies in their priority to reinvest profits in their social mission, in addition to stakeholder remuneration (Cooney, 2006; Hasenfeld & Gidron, 2005; Busco et al., 2017).

To continue in the attempt to detangle the subject, from here on, when we mention HO we refer specifically to organizations that that pursue a double (or triple) bottom-line (Cao et al., 2017), i.e., social and environmental but also commercial ends (more similar to SEs than PPPs, that is), and what are their possible declinations and characteristics, and to do so we refer to materials (e.g., scientific papers, websites, online resources) that often regard SEs as the object of their inquiry rather than HOs.

4. Main legal forms and structures

A further element of complexity rises from the specific national and legal context where HOs are born and operate. In practice, private enterprises with social and environmental purposes that also pursue profit (i.e., mainly SEs), may have different legal structures and forms depending on their specific purpose but also on their country's legal system or referring framework (Samsuddin et al. 2021). This is often a cause for further confusion, as there may be legal forms valid in one country or geographic area but not recognized in the same way in others, or similar frameworks may exist with very different nomenclatures. A summary of the most common (and globally considered best) options can be found in *Table 1*.

At the European level, in the past decades many countries have introduced specific legal frameworks for HOs and especially SEs to partake in (Liptrap, 2020) and, as expected, the

situation is extremely fragmented. Referring to the European Commission, despite the single market, there is no single legal form for SEs. Many social enterprises operate in the form of social cooperatives, which are characterized by the limitations they impose on the profits – particularly how they are redistributed (European Commission, 2015). According to the official documentation[‡], "some are registered as private companies limited by guarantee, some are mutual, and a lot of them are non-profit-distributing organizations like provident societies, associations, voluntary organizations, charities or foundations". Legal forms can vary from one country to another. In some countries, like Italy, SEs can adopt any legal form regulated by the country's legislation, e.g., Associations, Foundations, Shares Company, joint stock company, a form of partnership, cooperative company etc. Other countries, (e.g., Bulgaria Romania, Poland, Slovenia, Spain) have Integration Enterprise' legal forms. In Austria and Germany, a "public benefit" status can be obtained by both private *Limited Liability Companies* (LLCs) and associations (European Commission, 2015). Considering the number of countries and the limits to delve into them in this context, we refer to the European Commission's 2015 report "A map social enterprises and their eco-systems in Europe", for a complete overview of the legal forms adopted in Europe.

Still geographically in Europe but with a different legal framework, in the UK information on legal forms for HOs is found mostly in government websites[§] or other online resources[**]. In this system, private organizations that pursue a social purpose are generally Charities, however if they also pursue commercial purposes (for internal redistribution to stakeholders or external redistribution to the community), they must take a specific legal form (i.e., incorporated) and follow (at least, if not only) Company Law, the law of corporations and not just the law of nonprofits (Charity Law) (Snaith 2007). They can be of different types, and many of them are framed as social enterprises (Snaith 2007). The main types are *Community Interest Companies* (CICs), *Community Benefit Societies* (CBSs) and *Limited Companies*, either by Guarantee (CLGs) or by Shares (CLSs) (Spear et al., 2017).

[‡] See: https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises_en, last accessed 04 June 2024.

[§] See for example: https://www.gov.uk/guidance/charity-types-how-to-choose-a-structure# – last accessed 27 May 2024; https://cof.org/country-notes/nonprofit-law-england-wales - last accessed 27 May 2024; https://www.mygov.scot/social-enterprise - last accessed 27 May 2024.

[**]See for example: https://www.actiontogether.org.uk/step-2-deciding-your-structure#) – last accessed 27 May 2024.

Country	Legal form	Definition	Transparency Requirements
UK	CIC	A CIC is a type of company designed for social enterprises that want to use their profits and assets for the public good.	-Abiding to the Memorandum and articles of association - Registration to Companies House - Community Interest Test + Community Interest Report - Compliance to Company Law
	CBS	A CBS is an organization that carries out a business, trade or industry either as a cooperative or for the benefit of the community. Profits are not distributed among members or external shareholders but returned to the community.	- Abiding to the rules set by its members /owners - Submission of annual accounts
	CLS	A CLS is a s a limited company that reinvests any profits back into the company, with its own shareholders and shares. They cannot apply for charitable status. The shareholders' liability is limited to the amount the shareholder has agreed to pay for his or her shares	- Registration with Companies House - Compliance to Company Law - Abiding to the Memorandum and articles of association
	CLG	A CLG is a limited company that reinvests any profits back into the company. It has its own members but does not have shareholders or shares – because of this they can apply for charitable status. Liability is limited to the amount of the guarantee set out in the company's articles (typically just £1)	- Registration with Companies House and the Charity Commission - Compliance with both Charity Law and Company Law - Abiding to the Memorandum and articles of association
USA	SPC	An SPC is a for-profit corporation that is organized to promote short-term or long-term positive effects or to minimize adverse short-term or long-term effects of the corporation's activities concerning stakeholders, communities and the environment. May have one or more specific social purposes	- Submission of annual social purpose report to the public (website)
	FPC	An FPC is a for-profit corporation that is organized to promote positive effects or to minimize adverse effects of the corporation's activities concerning stakeholders, communities and the environment.	- Submission of an annual report to shareholders and on website - Submission of annual report and financial statement to the State's Attorney General - Statement of "FPC" in name.

	L3C	A L3C is a limited liability company that must significantly further the accomplishment of one or more charitable or educational purposes and is formed only for that specific purpose.	- Stated charitable or educational purpose - No income production - No political/legislative purpose
	Benefit corporations	Benefit corporations are for-profit companies that also have the stated legal purpose of contributing positively to society and the environment, as well as making profits for shareholders.	- Benefit statement - Benefit provision - Benefit report
Canada	Benefit corporations		
Colombia, Ecuador	Benefit corporations		
Rest of the world	Benefit corporations		
Italy, France, Europe	Benefit corporations		
	Social Cooperatives	Social Cooperatives are Social Enterprises characterized by the limitations they impose on profits.	- Restrictions on redistribution of profits
	Other*	Each Country may have their own legal forms and apply different rules. (*See: European Commission, 2015)	N/A

Table 1. Most commonly found legal structures for SEs (source: own elaboration)

A LLC is an organizational structure which gives limited liability to its members, which is especially relevant for social enterprises and in general organizations that pursue social or environmental purposes, while maintaining accountability (Bull, 2018). As mentioned, according to the UK government there are two incorporated forms to choose between when setting up a social enterprise as a limited company: Company limited by shares (CLS) in which shareholders each hold shares in the company, and their liability is limited to the amount the shareholder has agreed to pay for their shares. In order to become a CLS an organization needs to be registered with Companies House and comply with Company Law (Spear et al., 2017). In Companies Limited by Guarantee (CLGs), instead, each of the members gives a guarantee for a certain sum that will be put towards the company's finances if the company runs into problems. In order to become a CLG the organization must be registered with both the Companies House and the Charity Commission meaning that CLGs have to comply with both Charity Law and Company Law (Spear et al., 2017).

Next, we have CICs, a type of company designed for social enterprises that want to use their profits and assets for the public good, which emerged in 2006 (Cabrelli 2016; Snaith 2007). Unlike other types of UK organizations with a social purpose (like CLGs), CICs cannot be Charities (Cabrelli 2016). As formal requirements, CICs must register with Companies House and also satisfy a Community Interest Test to show the primary purpose is to provide benefits

to the community, rather than to the individuals, who own, run or work in them (Cabrelli 2016; Snaith 2007). Each year CICs are required to send a copy of their annual accounts to Companies House (like other companies), but also must produce an annual Community Interest Report, outlining their activities for the community and how they are involving their stakeholders in their activities (Cabrelli, 2016; Andreadakis, 2022).

Finally, CBSs are organizations that carry out a business, trade or industry for the benefit of the community (Cabrelli, 2016; Snaith 2007). In this type of company, profits are not distributed among members or external shareholders, but returned to the community. They are set up with social objectives, and run and managed by the members of the community. As a requirement, they must submit annual accounts. They can be established as charities, providing they have exclusively charitable objects that are for the public benefit, allowing them to raise capital through public grants and charitable trusts (Cabrelli, 2016).

In the US the issue is also complex, as each federal State has its own legislation and may have its peculiar legal forms for HOs. The literature suggests that the main legal forms adopted by social enterprises and HOs in this context are the *Social Purpose Corporation* (SPC), the *Flexible Purpose Corporation* (FPC), the *Low-profit Limited Liability Company* (L3C) and the *Benefit Corporation* (or Benefit) (Andreadakis, 2022; Rawhouser et al. 2015).

L3Cs are a variation of LLCs, created in 2008 in Vermont (Artz et al., 2012). The idea behind this model was to "establish a for-profit entity that would attract more funding from private Foundations" (Clarke, 2012, p. 311). In this kind of firm profit cannot be the sole driver of the firm (much like in the others), but L3Cs specify the order of fiduciary responsibility (Artz et al. 2012). Societal interests have priority over any other factor for L3Cs (Clarke, 2012). Investor and shareholder gain is permitted but cannot be a significant purpose and it is subordinate to society's benefit (Artz et al., 2012). The organization generates different returns on investment, with varying degrees depending on the level of investment and their nature (e.g., non-profit members, for-profit members, etc.) (Powell et al., 2014). This form of HO was the first to be introduced (Clarke, 2012) in the US, however it encountered major setbacks and underwent a fairly intense debate about the actual need for such a structure and whether it could fulfill its promises (Callison & Vestal, 2010; Powell et al, 2014). For a few years, academics though that this model was destined to fail and ultimately be discarded (Callison & Vestal, 2010; Toson, 2018), however recent data show an increase in number of organizations that choose this form in different States, testifying its survival at the practical level (Toson, 2018).

FPCs were adopted starting 2012 in California (Powell et al., 2014), as a way to overcome previous issues with forms like the L3C. The governing instruments of FPCs require the specification of at least one charitable or public purpose of the firms, to be considered by the management and executives when running business (along with economic interest) (Powell et al., 2014). As for what the special purposes may be, FPCs can choose from an extremely varied list (Reiser, 2012). As a requirement to become an FPC, organizations must also include the term "flexible purpose corporation" or "FPC" in their name (Reiser 2012; Brewer et al., 2013), and they must provide to their shareholders, the Attorney General of their State and the public (through their website) a copy of their annual report on their social efforts, as well as their financial statements (Mirzanian, 2015; Brewer et al., 2013).

The equivalent of the FPC in California, is the SPC in the State of Washington, created in 2012 (Mirzanian, 2015). The statute and functioning are similar to its counterpart's, but specifically an SPC is defined as "a for-profit corporation that is organized to promote short-term or long-term positive effects or to minimize adverse short-term or long-term effects of the corporation's activities concerning (1) the corporation's employees, suppliers, or customers; (2) the local, state, national, or world community; (3) or the environment. […] In addition to these requirements, a SPC may have one or more specific social purposes" (Mirzanian, 2015, p. 272).

Finally, Benefit Corporations or Companies are a legal form typical of FPOs or HOs (SEs in particular), which originated in the 2010s, not dissimilar in characteristics to the UK's CIC (Andreadakis, 2022; Reiser, 2012). Benefit corporations are for-profit companies that also have the stated mission of contributing positively to society and the environment, as well as making profits for shareholders (Rawhouser et a., 2015). Benefit corporations are based on the same corporate structure as traditional corporations (Weismann, 2017). However, unlike traditional corporations, the management of a benefit corporation is tasked with considering not only the profit margin of the company, but also the impact of business decisions on the company's social and environmental goals (Rawhouser et al., 2015; Weismann, 2017; Andreadakis, 2022). While formally Benefits have no obligation to reinvest their profits, nor limits in how they are distributed, shareholders must consider not only the company's growth and their own interest, but also its success in having a positive social and environmental impact (Andreadakis, 2022). Finally, Benefits are registered entities, so they must also comply with some requirements peculiar to their status. First, they must clearly declare their status of benefit corporation (Benefit statement) and an explanation of their objectives and how they intend to benefit the community (Benefit provision) (Weismann, 2017). Furthermore, in addition to normal financial reporting, they must publish regular benefit reports that discuss the social and environmental impact of their initiatives (Weismann, 2017), to promote transparency (Paelman et al., 2020).

Benefit Corporations as a legal form have been successfully exported in the rest of the world, with notable examples particularly in Italy (the first to embrace the Benefit model after the US), France (following after Italy) and other European countries, then Canada, Colombia, Ecuador and more (Andreadakis, 2022; Cao & Gehman, 2021).

5. The "latest" trend: certified B-corps and the focus on sustainability and impact traceability

The choice and adoption of a certain legal form could and should be sufficient to demonstrate firms' HO status, their commitment to pursue a double bottom-line (Cao et al., 2017). However, over the years, even with the increase in visibility and popularity of sustainable development issues, the market has seen an additional layer of complexity develop, that of certifications like BCorp, GRI and IRIS+ (Paelman et al., 2020). Particularly since the introduction in 2015 of Sustainable Development Goals (SDGs), research and interest on sustainable business models has spiked, leading to firms seeking ways to comply to the new Agenda (Diez-Busto et al., 2021; Van Zanten & Van Tulder, 2018). Certifications and impact assessments have flourished,

seen as a way for companies to demonstrate their commitment to sustainability, helping to achieve the SDGs (Van Zanten & Van Tulder, 2018), and to move toward a type of growth that positively impacts society and the environment.

Among the certifications, the most important from the perspective of use, institutional recognition and popularity is that of *BCorp* (Paelman et al., 2020; Diez-Busto et al., 2021). BCorp companies – Certified B Corporations in full – are organizations (e.g., FPO, HO, SE, Benefit, etc.) that choose to certify with a third-party entity (BLab) and adhere to extremely precise environmental and social impact requirements that are reported according to very strict standards (Cao et al., 2017; Diez-Busto et al., 2021). They may do so because they value extra certification of their performance, because an appropriate legal form (e.g., benefit) is not applicable in their country, or because they seek recognition as "different" (Fosfuri et al. 2016) from traditional firms, claiming a new identity (Diez-Busto et al., 2021; Kim et al., 2016). BCorp certification is thus seen as a way to increase transparency and traceability, a tool to increase business growth in a sustainable way (Carvalho et al., 2022; Paelman et al., 2020). Despite the name being reminiscent of Benefit corporations, it is an unrelated concept, because it is a certification issued by a third party and not a business model or legal structure (Andreadakis, 2022; Diez-Busto et al., 2021; Rawhouser et al., 2015).

Cao et al. (2017) trace the history of BCorp certification and the history of its diffusion from a semi-technical and advocacy point of view, while Diez-Busto et al. (2021) outline a comprehensive literature review of studies that have covered the topic. BCorps as a movement (Cao et al., 2017) grew out of the initiative of the (NPO) BLab network in the U.S. in 2006 (Paelman et al., 2020), which advances the idea of "using businesses as a force for good" (Cao et al., 2017; BLab, 2015). The basic idea is to create a true, high-level certification standard for businesses that can enshrine their commitment to pursuing positive social and environmental impacts by making their activities transparent and traceable (Paelman et al., 2020; Cao et al., 2017). BLab's commitment (Cao et al., 2017) and the diffusion of the certification as an empowerment tool for SMEs in pursuing sustainability goals (Carvalho et al. 2022) have also fueled a debate on the institutional and legal forms of companies pursuing a dual mission – i.e., Benefits (Andreadakis, 2022; Cao et al., 2017, Rawhouser et al., 2015).

Obtaining the certification (and maintaining it) is contingent on passing several steps, and it lasts three years (Paelman et al., 2020). The first is taking the B Impact Assessment (BIA). This step means to assess five dimensions of sustainability that firms must pay attention to: environment, workers, customers, community, and governance (Cao et al., 2017; Diez-Busto et al., 2021. In other words, they assess the environmental, social, and governance performance (Cao et al. 2017) of the firm. To pass this assessment, a score of 80/200 must be reached (Paelman et al., 2020; Cao et al, 2017). The second step is to include (formally and practically) all stakeholders in the decision-making process (Diez-Busto et al., 2021), by either adopting a legal form that accounts for that or by including this criterion in the firms governing documents (Paelman et al., 2020). The third step is agreeing to and signing the B Lab terms and the "Declaration of Interdependence", and paying the annual certification fee (Diez Busto et al., 2021; Paelman et al., 2020). Finally, certified firms must adhere to rigorous transparency and

accountability standards and can be subject to audits and random reviews or inspections (Paelman et al., 2020).

Since its introduction in 2006, the BCorp certification has spread from the US throughout the world (Andreadakis, 2022), reaching countries in all continents (*Figure 2*). In 2013 a European sub-branch of BLab was founded – BLab Europe (Cao et al., 2017). In the first half of 2024, the certified companies globally were 8,775, in 101 countries[††], of which around 3,895 in Europe (including the UK)[‡‡].

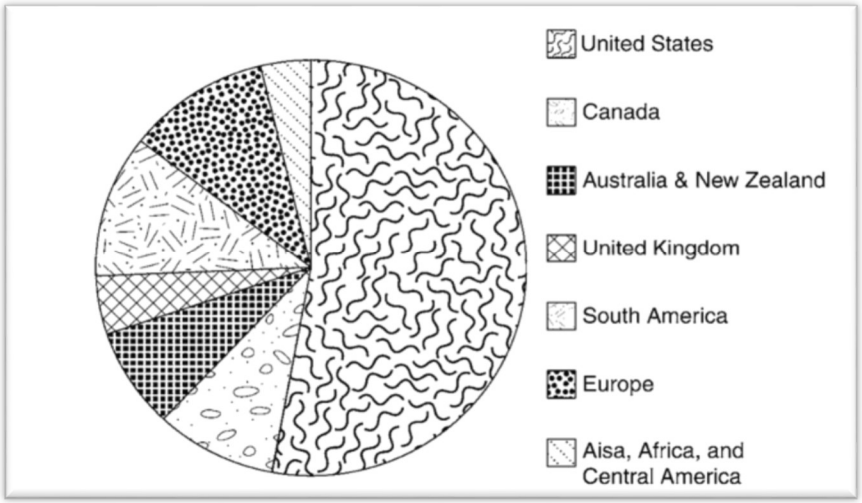


Figure 2. Geographic distribution of BCorps as of December 2016 (Source: Cao et al., 2017)

Despite the general opinion on this certification being at times enthusiastic (see Cao et al., 2017) and its being called "movement" attesting to its popularity, there remain some critical issues with respect to BCorps, or at least some aspects that are still understudied (Diez-Busto et al., 2021). Some examples are the usefulness of this certification for business growth (Paelman et al, 2020; Gamble et al., 2019), or whether the adoption of this certification really contributes to sustainability and the achievement of the SDGs (Tabares, 2021) as it promises.

6. Discussion

[††] See: https://www.bcorporation.net/en-us, last accessed 04 June 2024.

[‡‡] See: https://bcorporation.eu, last accessed 04 June 2024.

The paper has so far shown the different types of organizations. As seen in Section 3, HOs are often placed rather loosely within the hybrid spectrum, but it is very difficult to find an overview that shows them all in an integrated and organic way. We have tried to summarize the information gathered in *Figure 3*.

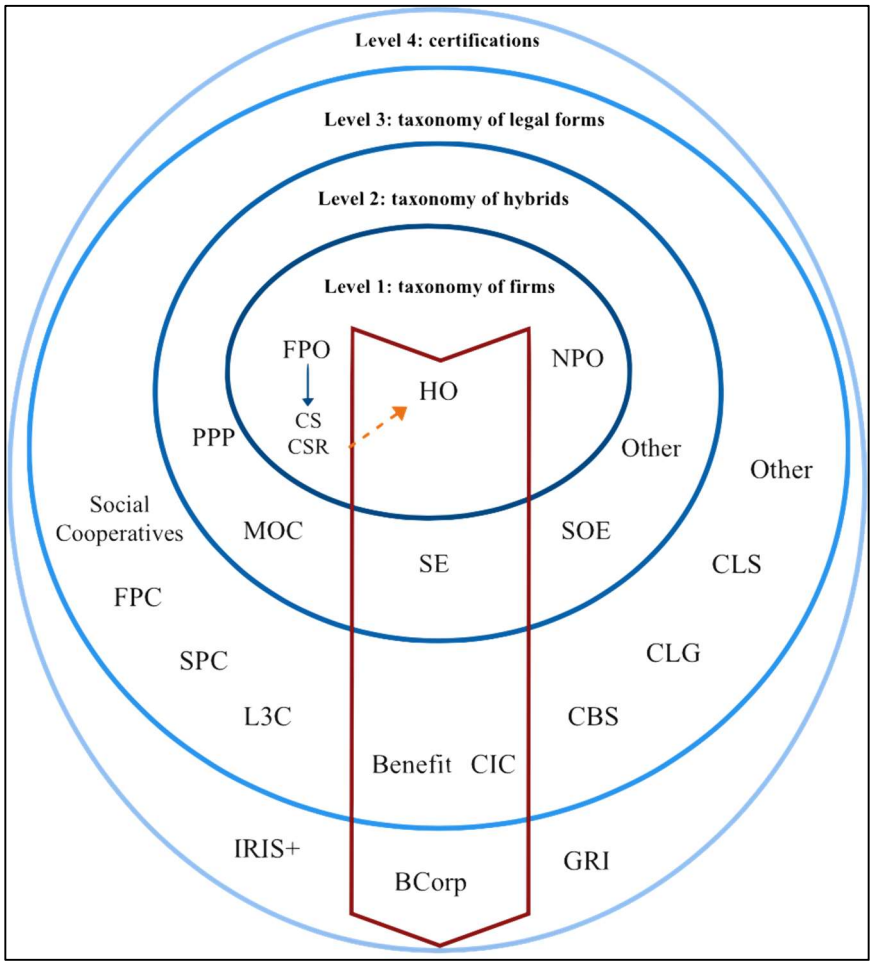


Figure 3. A contemporary taxonomy of Hybrid Organizations (source: own elaboration)

The diagram is composed of concentric circles, which starting from the innermost going outward represent the "levels of complexity" encountered when attempting to categorize HOs. The interpretation of the diagram allows to sketch a contemporary profile of the "ideal hybrid enterprise", putting together definitions and characteristics to outline its core features.

The first level presents, de facto, the hybrid spectrum (Alter, 2007), and that is an initial *taxonomy of organizations* that identifies them as FPOs NPOs or HOs. The practice of CS or CSR activities are the channel that allow FPOs to become HOs. At the same time, practices that support economic and financial sustainability in NPOs are the lever that turns them in hybrid entities. The introduction of the spectrum, on the one hand, has broadened the narrative and

facilitated the study of all that is other than pure FPO and pure NPO, thus giving voice and space to all those realities that did not fit neatly into the two main categories (Alter, 2007). On the other hand, it opened a window on a chaotic set of organizations, because within the spectrum there is no specific framing of hybridity and its declinations. The concept of hybrid has over the years become almost a phantom category, a label to be used so as not to have to explain the peculiarities of certain organizations in detail, and it has in a sense flattened what could have been a more complex debate. This has then led to the fact that over the years the concept of hybridity has been used in different ways and has taken on different definitions (Santos et al., 2015; Cao & Gehman, 2021).

Therefore, it is important to maintain a definition of hybridity clear with respect to one's starting assumptions. That is, it is necessary to discern the different definitions of hybridity and, in the subsequent interpretation of organizational types, to try to categorize firms according to that initial definition. In this case, hybridity is defined in in terms of "mission duality", profit and impact.

In the second level of the scheme, we include all the possible types of HOs based on the assumed definition of hybridity – i.e., coexistence of profit and impact – , in what is essentially a *taxonomy of HOs*. On the hybridity spectrum, adopting the concept of organizational hybridity, we can fit all the HO types we have listed in the text (PPP, MOC, SOE, NPO with commercial activities, SE, others). The multiple ways of understanding HO at the institutional and organizational level make an additional element of theoretical and interpretive confusion stand out, which comes from the erroneous overlapping of the concepts of HO and SE: the two terms are often used as synonyms, however, the concept of SE it does not perfectly overlap with that of HO (as we have seen). For example, in the literature it is common to find articles mentioning HOs in the title proceeding to explain issues in the field of SEs in the text or in the keywords (e.g., see Cooney, 2006; Kannothra et al., 2018; Smith & Besharov, 2019; Santos et al., 2015; Schätzlein et al. 2023), as if they were synonymous. This is an issue that many researchers may face when approaching the subject of HOs. It is an issue of nomenclature, rather than concept, but it is good to note and make it explicit: not all HOs are SEs.

However, it is evident how, despite the less than perfect coincidence of the two terms, it is generally recognized (especially in practice) that SEs are private organizations that pursue social and environmental but also commercial ends, and thus fit perfectly within the definition of HO that we adopt in this paper and in this context.

Once SEs have been identified as the main actors in the HO concept, the third level is that of a *taxonomy of legal forms*, to understand how these organizations are intended at the legislative level. There is no one framework that applies to all SEs in the world (Samsuddin et al. 2021, and we have seen how very difficult it is to disentangle the existing legal forms. One criterion for identification may be geographic location (e.g., US vs. UK), so referring to a single legal system to identify all existing options. At the same time in a single country there may be several options (e.g., in UK, in US, in Italy), and the difference between them can lead to an additional level of confusion – it is virtually impossible to compare all legal systems and identify all cases. To get an overall idea and improve our understanding of HOs and various possibilities we need

to focus on the characteristics of each of these legal forms and find the most similar and possibly comparable models.

A comparison of similar models is made, for example, by Cooney (2012), who compares CIC, L3C, Benefit (and BCorp), but also by Andreadakis (2022), in order to find the best possible model (at least in theory) for SEs and HOs. Because of their characteristics, flexibility and ease of implementation, but also because they are immediately recognizable, the literature suggests that the most widely used forms for HO (and (SE) are, for example, in the UK the CIC, and in the US the Benefit (so much so that it has been established in other parts of the world as well). These legal forms stand out for their similarities rather than their differences and thus point toward a particular type of enterprise that seems better delineated than the others.

Topping this momentum toward sustainability and positive impacts is *certification*, particularly BCorp certification. On the one hand, the existence of a certification (de facto a "goodness" badge) simplifies the discourse: studying a BCorp, we know a priori that it has certain priorities and a clear mission from the perspective of impacts and sustainability (Cao et al., 2017; Carvalho et al., 2022). On the other hand, it makes the landscape even more complex because of the different motivations (Diez-Busto et al., 2021) for certifying at a given point in time (or de-registering) that may not be perfectly aligned with the past characteristics of the type of company (which instead remain stable over time). These motivations might be more related to the company's image and identity (Kim et al., 2016), its market positioning, than to the purpose behind creation. The end result is virtually the same – positive social and environmental impacts – but distortions can occur in the internal mechanisms of the company in case of conflict not so much of different logics, but of processes put in place prior to certification that are not fully compatible with the new criteria. This is why certifications are often adopted by new companies rather than by already established organizations (Dez-Busto et al., 2021).

In addition, we have seen how BCorp and Benefits are often confused, mixing up certification and legal form, which can create a problem with terminology (Andreadakis, 2022; Diez-Busto et al., 2021; Rawhouser et al., 2015). The additional step that should simplify HO identification is thus often a source of additional problems, and it is still unclear whether the actual use of this tool is effective in achieving the goals for which it was created, or at least more effective than choosing a specific status or legal form (Carvalho et al., 2022). In any case, BCorp have been studied as true HOs (Cao & Gehman, 2021), so they are for all intents and purposes a part of the taxonomy.

Introducing a further element of interpretive complexity is the presence of an inter-level connection: Benefit companies (i.e., one of the most widely used legal forms in the world) have similar principles to CSR activities carried out by FPOs (Diez-Busto et al 2021; Rawhouser et al., 2015), as do BCorps (Harjoto et al., 2019). Thus, a deep interconnection between pure FPOs and Benefits (which we recall is a legal form for HOs and FPOs) is made explicit. If the founding principles are the same, what drives towards one rather than the other? How to distinguish between them? These questions can be answered by the work done in this taxonomy. Indeed, we have seen how CSR is part of a realization on the part of the FPO world that businesses have the power to shape the world around them by positively impacting it through their actions and business (Artz et al., 2012). The same concept, taken to the extreme, is

expressed by SEs, and in particular by Benefits: companies must reshape the world, and they must improve their context (environmental and social) through their own activity and through their business (Rawhouser et al., 2015; Andreadakis, 2022). This relationship is made even more explicit in the case of BCorps. Harjoto et al. (2019) state that the founding principles of BCorps are consistent with the key factors of CSR. Both actions (CSR and becoming a BCorp or choosing to be a Benefit) are voluntary and their purposes are to generate a positive impact on society and the environment (Diez-Busto et al., 2021). So, the choice between being an FPO doing CSR and a Benefit or a BCorp may simply be related to the emphasis or priority the company gives to one or the other mission; it is part of the deep motivations for which the company was created. In other words, it could be argued that CSR done in a strategic manner – i.e., embedded in all processes of the organization, from the relationship with stakeholders and customers to minimizing its own negative impacts, to maximizing the positive ones on the outside – leads toward the progressive hybridization of the organization itself (orange arrow), which is why the principles of CSR, Benefit and BCorp are the same (Harjoto et al., 2019). The latter are the codified form of the former. Specifically, Benefits incorporate CSR principles through their legal form, BCorps through certification and a series of monitoring and measurement of their impact (Diez-Busto et al., 2021), while for FPOs they are activities to be implemented and managed daily (Crane et al., 2014). Looking only at the activities carried out by the individual company might lead to missing the true nature of the company, while through a comparison of their different features (i.e., mission, status, legal form) we can trace a more precise profile.

From *Figure 3* as a whole and from the four levels (i.e., hybrid spectrum/taxonomy of enterprises, taxonomy of HOs, taxonomy of legal forms, certification) we can now attempt to identify the "ideal HO", a theoretical profile of the best possible private enterprise pursuing a dual bottom-line. We can draw a kind of vertical red line from the hybrid concept to SEs (the main HO to fit our definition), then to CICs/Benefits (the most similar and popular legal forms) and finally to BCorp certification – a kind of "straight path" of hybridity. It is of course a simplification, a kind of imaginary line that traces the ideal path for a private enterprise with a dual mission (profit/impact), it is a path of possibility: HOs can be SEs, they can be CICs or Benefits, and they can get a certification. Interestingly, however, while the top-down reading indicates a kind of clear path, the same cannot be said for the reverse: BCorps do not necessarily have a "community benefit" legal form (e.g., CICs or Benefits) – they could be, but not in all cases, for example in countries where those legal forms do not exist or because certification would be redundant (Diez-Busto et al., 2021). BCorps may simply be other kinds of FPOs that simply choose to get certified. At the same time, SEs are not always HO (they could be NPOs and thus not fit the definition). This offset means that the definition is not one-sided, and thus illustrates the complexity of the discourse made so far in framing HOs according to their specific characteristics and the construction of an unambiguous taxonomy.

Simultaneously, however, the diagram in *Figure 3* can also be seen as an outline, a conceptual map both for studying an enterprise from scratch (thus proceeding by steps and profiling it as an HO), and conversely starting from certain characteristics (e.g., legal form, presence of a certification, or presence of CSR activities) and tracing back to the nature of the organization

itself (e.g., is it "only" CSR? Does the legal form tell us anything more? Are there certifications? What is the mission of the firm?).

Hence, this is both an attempt to classify HOs to take the discussion forward, and a practical research tool to facilitate future developments in this field, either by giving a comprehensive theoretical foundation of the topic, or, for example, by simplifying the choice of case studies in the case of empirical research, to help untangle such a complex topic even further.

7. Conclusions

The article has outlined the HO landscape as explicitly and comprehensively as possible, in organizational and legislative terms. We have first identified SEs as primary HOs based on their purpose and our definition, then the different legal forms they can take, and finally certification. This was done to sort through the confusion and complexity, and to land on a sort of contemporary identikit of HOs today. This effort was conceived not only to advance our understanding of HOs and further the field of study, integrating already solid works with updated definitions. But also, to delineate a sort of common ground for researchers to start from in new studies concerning HOs, trying to identify a potential profile of HO that would fit the definitions and be a potential starting point for new studies and discoveries, a conceptual map through the different possibilities and steps.

However, we see that some authors question the necessity of all these steps, for example, the advantage that some legal forms such as the Benefit Corporation really have in facilitating companies to achieve their mission (Weismann, 2017; André, 2012) or that certifications such as BCorp give in terms of sustainability (Carvalho et al., 2022) rather than mere publicity and image return (Kim et al., 2016; Diez-Busto et al., 2021). This critique also fits with a difference in perspective between scholars and practitioners: using *Figure 3* as a reference, organization and management scholars appear to focus mostly on the taxonomy provided up to Level 2 – that is how the HO is organized internally and which objectives they pursue – without much accent on further clarifications regarding form or certifications. Having to deal with practical aspects, practitioners on the other hand focus very much on the different choices presented in Levels 3 and 4. They question and debate which legal form to choose based on their own characteristics and needs, and which can be easier to exploit in each case. There is thus an instrumental use of the legal form, which in a sense takes priority over the organizational aspects.

This critical approach to the issue culminates into the debate on the question of whether it is the complexity of reality that requires more legislation, or it is laws that help to increase and codify the complexity of reality (Levillain et al., 2015). A further step in this debate might come from looking at the two perspectives (theoretical/legislative and practical) from the point of view of an iterative process: the theory (i.e., the policy-maker) regulates very much and very strictly the types of HO that appear on the market, because it needs to have labels to attach to things to control them; on the other hand, organizations are subject to these regulations, these labels, and need to choose one according to their purposes, sometimes "bending" the labels to their specific needs. This iterative process is also representative of the current situation in the field, where

practice runs faster (Nicholls, 2009) than the regulation – i.e., organizations often implement practices before the policy-maker labels them – and at the same time the regulation needs to be followed by organizations once it is issued.

In the case of this article, the imaginary and ideal red line from the hybridity spectrum to sustainability certifications presented in *Figure 3* is an outcome of the formalization presented both in the literature and in practice, an attempt to integrate the existent knowledge. It can be a starting point from which to investigate new features of these business models and relate organizations' adherence to one or the other form to practical business management issues, such as management and dissemination of knowledge (Marinov et al., 2022) and production processes, attitude towards innovation (Tykkyläinen & Ritala 2021; Yun et al., 2017), and flexibility in implementing new methods as needed.

Despite the topicality and importance of the debate, our attempt was not intended to answer this question but rather provide a picture of the current state of HOs, attempting to bring order to the various definitions and systematize the complexity of the topic, to become a tool for future further developments.

References

Alter, K. (2007). Social enterprise typology. *Virtue ventures LLC*, *12*(1), 1-124.

André, R. (2021). Assessing the Accountability of the Benefit Corporation: Will This New Gray Sector Organization Enhance Corporate Social Responsibility? *Journal of Business Ethics*, 110, 133–150.

Andreadakis, S. (2022). Social Enterprises, Benefit Corporations and Community Interest Companies: The UK Landscape. In *The International Handbook of Social Enterprise Law: Benefit Corporations and Other Purpose-Driven Companies* (pp. 881-901). Cham: Springer International Publishing.

Artz, N., Gramlich, J., & Porter, T. (2012). Low-profit Limited Liability Companies (L3Cs). *Journal of Public Affairs*, 12(3), 230-238.

Bacq, S., & Janssen, F. (2011). The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria. *Entrepreneurship & Regional Development*, 23(5-6), 373-403.

Battilana, J., & Lee, M. (2014). Advancing research on hybrid organizing. *The Academy of Management Annals,* 8(1), 397–441.

Battilana, J., Lee, M., Walker, J., & Dorsey, C. (2012). In search of the hybrid ideal. *Stanford Social Innovation Review, 10*, 51–55.

Baumgartner, R. J., & Ebner, D. (2010). Corporate sustainability strategies: sustainability profiles and maturity levels. *Sustainable development*, 18(2), 76-89.

Billis, D. (2010). *Hybrid organizations and the third sector: Challenges for practice, theory and policy*. Bloomsbury Publishing.

Brewer, C. V. (2013). Benefit/Flexible/Social Purpose Corporations: Comparison of Principal Features. Georgia State University College of Law, Legal Studies Research Paper.

Bruce, K., & Jordan, J. (2007). Between markets and hierarchies: Towards a better taxonomy of hybrid organizational forms?. *Technology Analysis & Strategic Management*, *19*(1), 7-16.

Bull, Mike (2018) Reconceptualising social enterprise in the UK through an appreciation of legal identities. *International Journal of Entrepreneurial Behaviour and Research*, 24 (3). pp. 587-605.

Burton, O., & Brister, J. (2012). Organizational hybridization: A business model to integrate best practices of for-profit and non-profit organizations. *Journal of Biblical Integration in Business*, *15*(1).

Busco, C., Giovannoni, E., & Riccaboni, A. (2017). Sustaining multiple logics within hybrid organisations: Accounting, mediation and the search for innovation. *Accounting, Auditing & Accountability Journal*, *30*(1), 191-216.

Cabrelli, D. (2016). A Distinct 'Social Enterprise' Law in the UK: The Case of the 'CIC'. Edinburgh School of Law Research Paper, (2016/27).

Callison, J. W., & Vestal, A. W. (2010). The L3C illusion: why low-profit limited liability companies will not stimulate socially optimal private foundation investment in entrepreneurial ventures. Vermont Law Review, 35, 273.

Cao, K., & Gehman, J. (2021). Certified B corporations and benefit corporations.

Cao, K., Gehman, J., & Grimes, M. G. (2017). Standing out and fitting in: Charting the emergence of Certified B Corporations by industry and region. In *Hybrid ventures* (pp. 1-38). Emerald Publishing Limited.

Carollo, L., & Guerci, M. (2018). 'Activists in a suit': Paradoxes and metaphors in sustainability managers' identity work. *Journal of business ethics*, *148*, 249-268.

Carvalho, B., Wiek, A., & Ness, B. (2022). Can B Corp certification anchor sustainability in SMEs?. *Corporate Social Responsibility and Environmental Management*, 29(1), 293-304.

Clarke, C. (2012). California's Flexible Purpose Corporation: A Step Forward, a Step Back, or No Step at All?. *The Journal of Business, Entrepreneurship & the Law*, 5(2), 4.

Cooney, K. (2006). The institutional and technical structuring of nonprofit ventures: Case study of a US hybrid organization caught between two fields. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, *17*, 137-155.

Cornforth, C., & Spear, R. (2010). The governance of hybrid organizations. In: Billis, D. (Ed.): Hybrid Organizations and the Third Sector: Challenges of Practice, Policy and Theory, Basingstoke: Palgrave.

Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). Contesting the value of "creating shared value". *California management review*, 56(2), 130-153.

Davies, I. A., & Doherty, B. (2019). Balancing a hybrid business model: The search for equilibrium at Cafédirect. *Journal of Business Ethics*, 157, 1043-1066.

De Waele, L., Polzer, T., Van Witteloostuijn, A., & Berghman, L. (2021). "A little bit of everything?" Conceptualising performance measurement in hybrid public sector organisations through a literature review. *Journal of Public Budgeting, Accounting & Financial Management*, *33*(3), 343-363.

Diez-Busto, E., Sanchez-Ruiz, L., & Fernandez-Laviada, A. (2021). The B Corp movement: A systematic literature review. *Sustainability*, *13*(5), 2508.

Ebrahim, A., Battilana, J., & Mair, J. (2014). The governance of social enterprises: Mission drift and accountability challenges in hybrid organizations. *Research in Organizational Behavior, 34*, 81–100.

European Commission (2015). A Map of Social Enterprises and their Eco-systems in Europe, Synthesis Report.

Fosfuri, A., Giarratana, M. S., & Roca, E. (2016). Social business hybrids: Demand externalities, competitive advantage, and growth through diversification. *Organization Science*, 27(5), 1275-1289.

Gamble, E. N., Parker, S. C., & Moroz, P. W. (2019). Measuring the Integration of Social and Environmental Missions in Hybrid Organizations. *Journal of Business Ethics*, *167*, 271–284.

Gebreiter, F., & Hidayah, N. N. (2019). Individual responses to competing accountability pressures in hybrid organisations: the case of an English business school. *Accounting, Auditing & Accountability Journal*, 32(3), 727-749.

Giosi, A., & Caiffa, M. (2021). Political connections, media impact and state-owned enterprises: an empirical analysis on corporate financial performance. *Journal of Public Budgeting, Accounting & Financial Management*, 33(3), 261-288.

Grossi, G., & Thomasson, A. (2015). Bridging the accountability gap in hybrid organizations: the case of Copenhagen Malmö Port. *International Review of Administrative Sciences*, *81*(3), 604-620.

Grossi, G., Kallio, K. M., Sargiacomo, M., & Skoog, M. (2020). Accounting, performance management systems and accountability changes in knowledge-intensive public organizations: a literature review and research agenda. *Accounting, Auditing & Accountability Journal*, 33(1), 256-280.

Hahn, T., Figge, F., Pinkse, J., & Preuss, L. (2018). A paradox perspective on corporate sustainability: Descriptive, instrumental, and normative aspects. *Journal of Business Ethics*, *148*, 235-248.

Haigh, N., & Hoffman, A. J. (2012). Hybrid organizations: The next chapter of sustainable business. *Organizational dynamics*, *41*(2), 126-134.

Hall, K., Miller, R., & Millar, R. (2016). Public, private or neither? Analysing the publicness of health care social enterprises. *Public Management Review*, 18(4), 539-557.

Harjoto, M., Laksmana, I., & Yang, Y. W. (2019). Why do companies obtain the B corporation certification?. *Social Responsibility Journal*, 15(5), 621-639.

Hasenfeld, Y., & Gidron, B. (2005). Understanding multi-purpose hybrid voluntary organizations: The contributions of theories on civil society, social movements and non-profit organizations. *Journal of civil society*, *1*(2), 97-112.

Haugh, H. (2005). A research agenda for social entrepreneurship. *Social enterprise journal*, 1(1), 1-12.

Hestad, D., Tàbara, J. D., & Thornton, T. F. (2021). The three logics of sustainability-oriented hybrid organisations: A multi-disciplinary review. *Sustainability Science*, 16(2), 647-661.

Jay, J. (2013). Navigating paradox as a mechanism of change and innovation in hybrid organizations. *Academy of management journal*, *56*(1), 137-159.

Kannothra, C. G., Manning, S., & Haigh, N. (2018). How hybrids manage growth and social–business tensions in global supply chains: The case of impact sourcing. *Journal of Business Ethics*, *148*, 271-290.

Kim, S., Karlesky, M. J., Myers, C. G. & Schifeling, T. (2016). Social Responsibility: Why Companies Are Becoming B Corporations. *Harvard Business Review*, 17, 2–5.

Krause, T. A., & Swiatczak, M. D. (2020). In control we trust!? Exploring formal control configurations for municipally owned corporations. *Journal of Public Budgeting, Accounting & Financial Management*, 33(3), 314-342.

Lähdesmäki, M. (2012). Construction of owner–manager identity in corporate social responsibility discourse. *Business Ethics: A European Review*, 21(2), 168-182.

Levillain, K., Segrestin, B., & Hatchuel, A. (2015). Is Law Normalizing Hybrid Organizations? Guidelines from Multi-purpose Corporations. In SMS Conference Denver.

Liptrap, J. S. (2020). The social enterprise company in Europe: policy and theory. *Journal of Corporate Law Studies*, 20(2), 495-539.

Liu, J., Love, E. D. P., Smith, J., Regan, M., & Sutrisna, M. (2014). Public-private partnerships: A review of theory and practice of performance measurement. *International Journal of Productivity and Performance Management*, 63(4), 499-512.

Maine, J., Florin Samuelsson, E., & Uman, T. (2022). Ambidextrous sustainability, organisational structure and performance in hybrid organisations. *Accounting, Auditing & Accountability Journal*, *35*(3), 734-769.

Marinov, K., Metz, A., Alexander, K., & Angeli, F. (2022). Learning in hybrid organizations: a systematic literature review. *Organizing for Sustainable Development*, 73-99.

McMullen, J. S., & Warnick, B. J. (2016). Should we require every new venture to be a hybrid organization?. *Journal of Management Studies*, 53(4), 630-662.

Mirzanian, S. (2015). Washington's Social Purpose Corporation: Creating Accountability for Corporations or Simply Providing a Halo to Undeserving Corporations?. *Seattle Journal of Environmental Law*, 5, 255.

Nicholls, A. (2009). 'We do good things, don't we?':'Blended Value Accounting'in social entrepreneurship. *Accounting, organizations and society*, 34(6-7), 755-769.

OECD (1999), *Social enterprises*, OECD Publishing.

OECD (2022), *Designing Legal Frameworks for Social Enterprises: Practical Guidance for Policy Makers*, Local Economic and Employment Development (LEED), OECD Publishing, Paris, https://doi.org/10.1787/172b60b2-en.

Paelman, V., Van Cauwenberge, P., & Bauwhede, H. V. (2020). Effect of B Corp Certification on Short-Term Growth: European Evidence. *Sustainability*, 12, 8459.

Poponi, S., Colantoni, A., Cividino, S. R., & Mosconi, E. M. (2019). The stakeholders' perspective within the B corp certification for a circular approach. *Sustainability*, *11*(6), 1584.

Powell, M., & Castelli, M. (2017). "Strange animals": hybrid organisations in health care. *Journal of Health Organization and Management*, 31(7/8), 746-762.

Powell, M., Jackson-Zapata, C., & Kammerling, B. (2014). Social enterprise choice of entity: Benefit corporation, flexible purpose corporation and the L3C.

Rawhouser, H., Cummings, M., & Crane, A. (2015). Benefit corporation legislation and the emergence of a social hybrid category. *California Management Review*, 57(3), 13-35.

Reiser, D. B. (2012). The Next big thing: Flexible purpose corporations. *American University Business Law Review*, 2, 55.

Reuter, E. (2022). Hybrid business models in the sharing economy: The role of business model design for managing the environmental paradox. *Business Strategy and the Environment*, *31*(2), 603-618.

Roth, F. M. S., & Winkler, I. (2018). B Corp entrepreneurs: Analysing the motivations and values behind running a social business. Springer.

Sacchetti, S., & Borzaga, C. (2020). The foundations of the "public organisation": Governance failure and the problem of external effects. Journal of Management and Governance. https://doi.org/10.1007/s10997-020-09525-x

Salamon, L. M. (1987). Of market failure, voluntary failure, and third-party government: Toward a theory of government-non-profit relations in the modern welfare state. *Journal of Voluntary Action Research*, 16(1–2), 29–49.

Samsuddin, M. E., Salleh, M. F., Ahmad, A., & Amir, A. M. (2021). Influence of Stakeholders on Sustainability of Social Enterprises: A Critical Review Study. *International Journal of Business and Technopreneurship*, 11(1), 51-60.

Santos, F., Pache, A. C., & Birkholz, C. (2015). Making hybrids work: Aligning business models and organizational design for social enterprises. *California management review*, 57(3), 36-58.

Schätzlein, L., Schlütter, D., & Hahn, R. (2023). Managing the external financing constraints of social enterprises: A systematic review of a diversified research landscape. *International Journal of Management Reviews*, 25(1), 176-199.

Skelcher, C., & Smith, S. R. (2015). Theorizing hybridity: Institutional logics, complex organizations, and actor identities: The case of nonprofits. *Public administration*, 93(2), 433-448.

Skelcher, C., & Smith, S. R. (2017). New development: Performance promises and pitfalls in hybrid organizations—five challenges for managers and researchers. *Public Money & Management*, *37*(6), 425-430.

Smith, S. R. (2014). Hybridity and nonprofit organizations: The research agenda. *American Behavioral Scientist*, *58*(11), 1494-1508.

Smith, W. K., & Besharov, M. L. (2019). Bowing before dual gods: How structured flexibility sustains organizational hybridity. *Administrative Science Quarterly*, *64*(1), 1-44.

Snaith, I. (2007). Recent reforms to corporate legal structures for social enterprise in the UK: opportunity or confusion?. *Social Enterprise Journal*, 3(1), 20-30.

Spear, R., Teasdale, S., Lyon, F., Hazenberg, R., Aiken, M., Bull, M., & Kopec, A. (2017). Social enterprise in the UK: models and trajectories. ICSEM Working Papers No. 40.

Sud, M., VanSandt, C. V., & Baugous, A. M. (2009). Social entrepreneurship: The role of institutions. *Journal of business ethics*, 85, 201-216.

Tabares, S. (2021). Do hybrid organizations contribute to sustainable development goals? Evidence from B Corps in Colombia. *Journal of Cleaner Production*, *280*, 124615.

Toson, S. J. (2018). Renewed hope for the low-profit limited liability company. *Society and Business Review*, 13(1), 100-111.

Tykkyläinen, S., & Ritala, P. (2021). Business model innovation in social enterprises: An activity system perspective. *Journal of Business Research*, 125, 684-697.

Van der Byl, C. A., & Slawinski, N. (2015). Embracing tensions in corporate sustainability: A review of research from win-wins and trade-offs to paradoxes and beyond. *Organization & Environment*, 28(1), 54-79.

Van Zanten, J. A., & Van Tulder, R. (2018). Multinational enterprises and the Sustainable Development Goals: An institutional approach to corporate engagement. *Journal of International Business Policy*, 1, 208–233.

Velte, P. (2022). Meta-analyses on corporate social responsibility (CSR): a literature review. *Management Review Quarterly*, 72(3), 627-675.

Weismann, M. F. (2017). The missing metrics of sustainability: Just how beneficial are benefit corporations. *Delaware Journal of Corporate Law*, 42, 1.

Yaari, M., Blit-Cohen, E., & Savaya, R. (2021). Hybrid organizational culture: The case of social enterprises. *Journal of Social Entrepreneurship*, 12(2), 291-313.

Zollo, L., Pellegrini, M. M., Faldetta, G., & Rialti, R. (2023). How to combine multiple identities and gaining stakeholders legitimacy in hybrid organizations? An organizational design response. *Journal of Management and Governanc*e, 27(4), 1189-1222.