



Hybridity and Nonprofit Organizations: *Next Questions*

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In this article, the authors propose five possible hybrid models that can offer insight into management strategies to cope with the increasingly complex environment facing nonprofits, as well as potential ways to manage the contestation between different logics that arises with hybridity.



Editors' note: The ideas outlined in this article are developed more fully in *"Theorising Hybridity: Institutional Logics, Complex Organizations, and Actor Identities—the Case of Nonprofits"* (in *Public Administration*, Wiley, advance access 2014). The authors acknowledge the support of ESRC grant RES-451-26-0995.

THE DEVELOPMENT OF HYBRID NONPROFITS POSES new challenges for managers, boards, staff, and volunteers, but relatively scant research has been devoted to analyzing the implications or developing strategies for management. The purpose of this article is to explore the concept of hybridity with respect to nonprofit organizations—especially the evolving role of

nonprofit managers and staff. Our basic argument is that hybridity reflects the increased turbulence of the nonprofit environment, encouraging new

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organizational forms as an adaptive response by nonprofit managers and staff. Moreover, hybridity creates more complex internal challenges, since nonprofits need to manage different institutional “logics” or norms, such as a community logic and a market logic. Many nonprofits also have to manage a government logic in addition to a community and a market logic. The existence of different logics within a nonprofit organization can create dilemmas that require the management acumen and skill to effectively lead increasingly complex organizations. This article briefly discusses the existing literature on hybridity in the context of nonprofits, and then proposes a conceptual framework to understand hybridity and the management challenges it presents.

Background

Hybridity is very useful at a symbolic level in conveying the changing landscape of nonprofit organizational forms. It suggests, for example, that taking government contracts reduces the purity of the original nonprofit form, or that a nonprofit social enterprise with substantial earned income reflects the idea that this type of organization is not motivated solely by altruism. Yet this very concept of hybridity is problematic when applied to the academic analysis of changes in nonprofits and the operative lessons for practitioners of hybridity—especially in an environment of increased contracting out and more pressure to generate earned income. Two conceptual issues are apparent. First, in the nonprofit and public management literatures, hybridity is typically defined in relation to the hierarchy/market/network framework—often reformulated as government/business/civil society. It is defined as some combination of two or more of these concepts. For example, scholars have suggested that social enterprises are hybrids embodying both nonprofit and for-profit elements.¹ However, the economics and management literature from which this tripartite framework emerges demonstrates that serious problems exist in operationalizing these theoretical distinctions—especially the intervening “network” concept.² Second, and relatedly, the definition of hybridity in relation to empirical cases is problematic, because “pure” types tend only to occur as theoretical ideal-typical

forms. It can be argued that hybridity is an empirical property of all organizations—and, if this is the case, then the explanatory value of the concept is diminished.³ The concept of hybridity has not generally been used in the nonprofit or public management literatures in a way that enables theory development or testing; rather, it has principally been used as an empirical descriptor.⁴ Overall, the concept “hybrid” is used very loosely in this literature, lacks theoretical purchase, and appears to be in somewhat of a conceptual dead end.

The Institutional Logics Approach to Understanding Hybridity in Nonprofits

The concept of hybridity as guide for research and practice can be advanced by taking a lead from nonprofit and public management academics working within an institutional logics framework,⁵ and scholars in the organizational and management studies fields who also use this approach.⁶ In brief, Roger Friedland and Robert R. Alford present the logic of institutions in the following way: “Each of the most important institutional orders of [. . .] society has a central logic—a set of material practices and symbolic constructions—which constitutes its organizing principles and which is available to organizations and individuals to elaborate[. . .] These institutional logics are symbolically grounded, organizationally structured, politically defended, and technically and materially constrained, and hence have specific historical limits.”⁷

Institutional logics, therefore, are abstract but become observable in the concrete social relations of actors who use, manipulate, and reinterpret them to their own advantage. Overall, the institutional logics approach comprises a meta-theory with five core elements. First, society is understood as an inter-institutional system of theoretically distinct sectors, each with its own institutional logic. Thus, these logics include the market, corporation, profession, state, community, family, and religion.⁸ These different logics lead to the second key characteristic: the actions of individuals within organizations, such as nonprofit managers, are shaped and constrained by different institutional logics. Third, organizations are social entities through which the logics of

sectors interact with the agency of actors. For example, nonprofit organizations are a means of mobilizing collective effort in support of a particular mission, such as reducing poverty or fighting climate change. The organization thus provides a vehicle for the expression of specific logics, shaping the identity of organizational staff and volunteers.⁹ Fourth, institutional logics have both material and symbolic components. Thus, different logics directly affect the circumstances of individuals within an organization. If a nonprofit with a community mission accepts government funding, it will affect the practice of the organization and, potentially, the position of individuals within the organization. For-profit subsidiaries within a community nonprofit can have the same effect. And, because logics have powerful symbolic and cultural significance for the organization, the introduction of a government or market logic into a nonprofit can influence the allegiance of an individual to the nonprofit. Fifth, this theory emphasizes the importance of the particular spatial and temporal setting. The advent of performance management in many human service agencies in the United States and abroad has in turn profoundly changed the mix of logics within these organizations.

So the value of this approach lies in its focus on the role of actors within organizations. Rather than conceptualizing hybrids descriptively as entities that combine different sectoral characteristics or organizational forms, a theoretically richer approach would be to propose that they are carriers of multiple institutional logics. Thus, a nonprofit with a wholly owned for-profit subsidiary can be seen as a hybrid of community and market logics, while Debra C. Minkoff's concept of a service provision and political advocacy hybrid can be seen as embodying professional and democracy logics.

Importantly though, hybrids are also subject to contestation.¹⁰ Different logics structure the "rules of the game" within a nonprofit, directly and indirectly affecting the distribution of access, power, and status within a single organization or wider organizational field—such as human services—in a particular region. A classic example in nonprofit organizations is a community agency

started by individuals passionate about serving low-income families and children, subsidized in part by philanthropic donations. Then donations fall, and the organization needs to generate more market-oriented income, creating a contestation within the organization between a community logic and a market logic.

Five Models of Hybrid Nonprofits

Based on research into hybridization in the nonprofit sector,¹¹ and adding new insights from the literature on institutional logics, we propose five types of hybrids based on particular patterns of contestation (see figure 1, following page). The first three types represent the way in which contestation is organized. These types are (1) segmented, vertically layered contestations between the apex and the base of the organization; (2) segmented, parallel contestations between functional groups within the nonprofit; and (3) symbolic, as expressed through communicative strategies. Through contestation, nonprofits may also move from one type of hybrid to another. Also, plural logics and the internal politics of the nonprofit can lead to (4) a blocked hybrid type, in which the contestation among logics cannot be resolved, or to (5) a blended hybrid type, where a novel and contextually specific logic emerges. In this case, contestation can be constructive and add value to the effectiveness and productivity of the organization.

Segmented-layered. Following from figure 1, the "segmented-layered" hybrid model is characteristic of nonprofits with some separation between the two institutional logics. As noted in the table, one example is a nonprofit providing professional services funded through philanthropy or government contracts but which also has a for-profit subsidiary that generates market income. Community Wealth Partners, a for-profit subsidiary of the nonprofit organization Share Our Strength, is one of the more prominent examples. Many different variations exist on this basic layered model. A church might own a parking lot that generates substantial income to support the work of the church but does not fundamentally lead to contestation between the different logics. Yet contestation may occur when the church considers the sale

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of the property to commercial developers. Another example of the layered model, with slightly different characteristics, is a nonprofit design firm specializing in nonprofit facilities with a for-profit design subsidiary. At one moment in time, the nonprofit parent might be relatively the same size as its for-profit subsidiary, but growth of the nonprofit part of the organization might lead to a relative isolation of the for-profit entity.

Segmented-parallel. The second, “segmented-parallel” model generally refers to more horizontal structures and entities. For example, many nonprofits, including churches, have created affiliated foundations to support the activities of the organization financially. The nonprofit board, for instance, may have very diverse representation and be elected by the membership, while the foundation board members are wealthy appointed individuals. Some larger multiservice nonprofits have programs that are highly dependent upon government funding (and hence subject to extensive government regulation). These multiservice

nonprofits might also have service programs highly dependent upon market income while others are supported entirely through donations (such as an emergency food program). Thus these programs would operate under quite different institutional logics within the same organization.

Overall, we would expect nonprofits with a segmented (“layered” or “parallel”) form to offer nonprofits an opportunity to create an internal environment that would minimize the conflict among staff and volunteers who may share the same vision of the organization—such as providing human services to the disadvantaged—but in a way that allows staff to embrace different logics. The widely heralded Greyston Bakery in Yonkers, New York—part of the nonprofit Greyston Foundation—is a for-profit bakery employing the disadvantaged (a segmented-layered structure), allowing the organization to operate as a social enterprise with two quite different logics.¹²

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Figure 1: Theoretical hybrid types and logic contestation¹³

Hybrid type	Characteristics	Possible contested logics	Example
Segmented-Layered	Vertical segmentation within the organization between one logic at the management apex and another at other points in the organization	Between the professional logic of expert decision makers and the market logic of revenue generation	Where a nonprofit provides specialist technical services and is run by professional experts in the field, and has a for-profit subsidiary on which it is heavily dependent
Segmented-Parallel	Horizontal segmentation so that different logics apply in different organizational functions or governance structures	Between the democracy logic of members and the mission/faith logic of fundraisers	Where a nonprofit has a membership structure—with members forming the majority of the board—and emphasizes inclusiveness, while its affiliated foundation board composed of philanthropists focuses on mission to generate gifts
Symbolic	One logic expressed in the organization’s external communications/profile, and another in its practices	Between market logic and family logic	Where a nonprofit has adapted its communications to speak the language of market forces but retains a strong paternalistic approach to staff management
Blocked	Organizational dysfunction arising from inability to resolve tensions between competing logics	Between democracy logic and state logic	Where a nonprofit developed by a small group of staff retains a strong norm of informal, collective decision making yet is required through its contracts with government to adopt a more conventional corporate structure with formal hierarchical roles
Blended	Creation of a unique and contextually specific logic from a combination of those that are available	Combines two or more logics to create a new outcome	Where a nonprofit with government, philanthropic, and earned income provides training for the disadvantaged through a restaurant

the development of hybrid structures in nonprofits. Strong adherence to specific logics may encourage nonprofits to segment the governance of the logics it incorporates. For example, a nonprofit organization with substantial market activity may face regulation from taxation authorities using different regulatory frameworks in relation to each aspect of its activities. Since the principle of regulation is to ensure due process, we hypothesize that an increasing burden of regulation is associated with increased external pressure on the hybrid to segment its various activities—even to the extent of formal organizational separation between activities that reflect different institutional logics. A nonprofit providing technical assistance to other nonprofits for fee income will face pressure to separate these activities if the income becomes substantial or if the nonprofit would like to emphasize this revenue stream for future growth.

Symbolic. The third, “symbolic” model is exemplified in organizations whose actual practices diverge from their stated objectives or policies. In some nonprofits, this symbolic model might be a classic principal-agent problem, wherein the principal (e.g., a government funder or the nonprofit CEO) has specific expectations about the delivery of services, and the “agent” (such as an agency social worker) has responsibility for implementing the programs administered or directed by the agent. Because agents such as social workers retain some autonomy, it is quite often the case that the agency may be representing itself to government as implementing specific program priorities demanded by government; but, in practice, social workers may be following their own professional judgment. Another example is the common practice in many nonprofit organizations with a faith affiliation to display religious symbols on the walls. However, the actual services provided by these organizations may be entirely secular.¹⁴ Many contemporary nonprofits market themselves as social enterprises with a high degree of entrepreneurship and market logic, but in practice these nonprofits may be highly dependent upon government and/or philanthropic funding. Normative strength among logics is also a factor in our symbolic hybrid model. Thus,

nonprofits might try to implement new business-oriented logics for their programs, and long-time staff and volunteers may symbolically comply but in practice actively resist the imposition of these new business norms.

Blocked. The fourth, “blocked” model refers to nonprofit organizations with organizational dysfunction due to the clash of different institutional logics (a common example is noted in figure 1). Many nonprofits started as informal collectives with a high degree of inclusive decision making and relatively flat organizational structures. The imperatives of growth and government funding tend to pressure nonprofits to adopt more corporate and hierarchical forms of decision making, which can then provoke serious staff conflict and turnover. Other examples can also pertain to organizational growth. For instance, nonprofits are prone, as they grow, to becoming more diffuse programmatically, especially if funding has been substantial. However, growth almost inevitably plateaus, and at this time nonprofit executives are likely to scrutinize different programs for their financial viability and sustainability, leading to cutbacks in programs that are too small or are weakly linked to mission-based priorities of the organization. But these program cutbacks can be very controversial within the organization, prompting staff dissension and possibly exit from the organization. Another example is the hiring of a new executive director with a vision and expectation for the nonprofit that differs from that of the current staff; the clash between the different logics of the executive and the long-time staff can create significant internal dysfunction. Other examples of a blocked model may not be dramatic but can illustrate an organization with serious governance issues. For example, a nonprofit may create a program at its establishment that exemplifies a community logic. Over time, the program may lose funding and begin to generate losses for the organization. But the staff may be reluctant to end the program, so the losses continue, creating financial problems for the organization.

Blended. The fifth, “blended” model combines elements of institutional logics to create a novel outcome. Minkoff,¹⁵ for example, sees hybrids as “bridging” between the legitimacy

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of existing organizational forms and the potential for innovation, while Wenjue Lu Knutsen¹⁶ talks about nonprofits developing “adapted” logics emerging from the historically contingent interactions between market, government, and democracy logics. Examples of this model are many social enterprises that combine or merge different sectoral elements. For instance, Billings Forge Community Works in Hartford, Connecticut, operates a restaurant staffed with disadvantaged youth and young adults. The organization receives government contracts, income from the restaurant, and substantial foundation funding. So its model is in some respects a unique mix of the three sectors, although the organization certainly shares some of the key management dilemmas with other types of social enterprises. The Erie Canalway National Heritage Corridor Commission and the Erie Canalway Heritage Fund have created a public-private partnership that brings together public funds and engagement and philanthropic donations to support the Erie Canal. Many other partnerships in support of parks and recreation also have their own specific sectoral blend.

If a nonprofit is able to create this blended model, it can minimize the internal contestation among logics. However, a blended model may create external legitimacy problems, because this model does not fit the prevailing expectations of a nonprofit organization; thus, internal harmony is traded off for external challenge. For instance, the Grameen Bank and other microcredit organizations have, arguably, developed a blended model, but these organizations have met increasing challenges from government regulators and citizens on their lending practices. The B Corporation designation, for example, which signals a commitment to a social mission by a for-profit, can be a strategy to addressing these legitimacy challenges. Other nonprofits with a blended model may strive to create broad-based community support to enhance their legitimacy.

Conclusion

The study of nonprofit hybrids is important for both scientific and practical reasons. The concept of the “hybrid” organization has become widely

accepted in academic circles, but to date has been used largely in a descriptive way and has lacked theoretical purchase. If hybridity is a universal characteristic of nonprofit organizations—as Brandsen, van de Donk, and Putters, as well as Adalbert Evers, argue¹⁷—then the concept requires researchers to develop a more robust theoretical approach that can be used to guide research and practice in nonprofits.

In this article we develop a way of undertaking this task by using the literature on institutional logics. This conceptual framework offers a fruitful line of inquiry, because it recognizes that many nonprofits embody plural institutional logics, and that latent and overt contestation—in which institutional logics interact with individual and group identity and organizational structuring—can result. For the staff and volunteers of nonprofits and public and private funders of nonprofits, this research approach also has a direct benefit: it will enable them to understand more about the ways in which organizations manage plural institutional opportunities and constraints, and the strategies through which organizational sustainability can be enhanced. This effort is particularly important in the current environment: government funders have reduced their funding; competition has increased for public and private funds; many nonprofits face pressure to raise earned income through market activity; and social enterprises, mixing market and philanthropic logics, are widely publicized as offering a more innovative approach to addressing social problems. Thus, hybridity, representing plural logics within nonprofit organizations, is offered as a solution for nonprofits concerned about sustainability and effectiveness. Pressure to incorporate multiple logics—including a market logic—within nonprofits is, arguably, also on the rise. The five proposed hybrid models offer insight into management strategies to cope with the increasingly complex environment facing nonprofits, and potential ways to effectively manage the contestation between different logics. Consequently, further research into these models could yield direct benefits for practitioners and advance the theory of nonprofits and our understanding of hybridity.

NOTES

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16. Wenjue Lu Knutsen, "Adapted Institutional Logics of Contemporary Nonprofit Organizations," *Administration and Society* 44, no. 8 (November 2012): 985-1013.
17. Brandsen, van de Donk, and Putters, "Griffins or Chameleons?"; Evers, "Mixed Welfare Systems and Hybrid Organizations."

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