



# Bowing before Dual Gods: How Structured Flexibility Sustains Organizational Hybridity\*

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## Abstract

Organizations increasingly grapple with hybridity—the combination of identities, forms, logics, or other core elements that would conventionally not go together. Drawing on in-depth longitudinal data from the first ten years of a successful social enterprise—Digital Divide Data, founded in Cambodia—we induce an empirically grounded model of sustaining hybridity over time through structured flexibility: the interaction of stable organizational features and adaptive enactment processes. We identify two stable features—paradoxical frames, involving leaders’ cognitive understandings of the two sides of a hybrid as both contradictory and interdependent, and guardrails, consisting of formal structures, leadership expertise, and stakeholder relationships associated with each side—that together facilitate ongoing adaptation in the meanings and practices of dual elements, sustaining both elements over time. Our structured flexibility model reorients research away from focusing on either stable or adaptive approaches to sustaining hybridity toward understanding their interaction, with implications for scholarship on hybridity, duality, and adaptation more broadly.

**Keywords:** organizational identity, paradox, social enterprise, hybrid organizations

In November 2000, Jeremy Hockenstein visited the Angkor Wat temple in Siem Reap, Cambodia. He marveled at this wonder of the world with the other tourists but was more intrigued by the young, impoverished Cambodians flocking to local Internet cafes seeking access to a better life. He wondered what he could do to help. In February 2001, Hockenstein returned to Cambodia with four friends to explore possibilities. Three months later, they founded Digital Divide Data (DDD), an organization hiring the country’s most disadvantaged

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citizens into a data-entry business, providing them on-the-job training and formal scholarships, and helping them “graduate” into higher paying jobs. Skeptics doubted DDD could sustain social and business demands in one organization, arguing that social impact costs would diminish its competitive edge in a commoditized industry or that financial pressures would force leaders to compromise key aspects of its social mission, such as hiring disadvantaged operators and opening offices in impoverished areas. Yet 15 years later, DDD ran five offices, employed over 1,200 people, and had graduated 900 operators into better jobs. The Skoll and Rockefeller Foundations each gave DDD million-dollar grants to expand its social enterprise model, and *New York Times* columnist Thomas Friedman (2005: 450) described Hockenstein as “one of my favorite social entrepreneurs.”

DDD is not alone in striving to sustain ostensibly incompatible demands within one organization. In recent decades, organizations combining social and business demands have become increasingly common as corporations engage in social responsibility (Margolis and Walsh, 2003) and “conscious capitalism” (Mackey and Sisodia, 2013), charities adopt business practices (Hwang and Powell, 2009), and social entrepreneurs like Hockenstein form new entities to pursue social missions through commercial ventures (Battilana et al., 2012; Smith, Gonin, and Besharov, 2013; Battilana and Lee, 2014). Other organizations combine competing demands from science and business (Murray, 2010; Powell and Sandholtz, 2012), public and private sector management (Denis, Ferlie, and Van Gestel, 2015; Fossetøl et al., 2015), or state-planned and market economies (Guthrie, 1999; Nee and Oppen, 2012). Whether due to strategic choice or environmental constraint, organizations across a wide variety of fields incorporate competing demands at their very core (Meyer and Rowan, 1977).

To understand this phenomenon, scholars have drawn on the concept of organizational hybridity—the combination of identities, forms, or logics that would conventionally not go together (Battilana, Besharov, and Mitzinneck, 2017). Hybridity can benefit organizations by enhancing legitimacy and access to resources (Wry, Lounsbury, and Jennings, 2014) and by stimulating creativity and innovation (Dalpiaz, Rindova, and Ravasi, 2016). Yet organizations often struggle to sustain hybridity over time due to tensions between internal subgroups (Glynn, 2000; Battilana and Dorado, 2010) and divergent expectations of varied external stakeholders (Pache and Santos, 2010, 2013a). Research has focused on how organizations address these challenges in the short term (e.g., Jay, 2013; Besharov, 2014; Battilana et al., 2015), but shifting power dynamics (Ashforth and Reingen, 2014), environmental changes (Ramus, Vaccaro, and Brusoni, 2016), and persistent tensions (Benson, 1977; Schad et al., 2016) create new challenges in the long term. Addressing these ongoing challenges is critical to sustaining hybridity over time, yet how organizations do so remains poorly understood. We explore this question through a ten-year study of Digital Divide Data.

## ORGANIZATIONAL HYBRIDITY

Even as studies recognize hybridity at the individual (McPherson and Sauder, 2013; Smets et al., 2015), relational (Golden-Biddle and Rao, 1997; Besharov, 2014), and field levels (Haveman and Rao, 1997; Adler, 2001; Ruef and Patterson, 2009), much of the extant research has emphasized organizational

dynamics. Varied sources contribute to hybridity at the organizational level. In some cases, founders' backgrounds and identities motivate them to proactively create hybrid organizations (Dimitriadis et al., 2017; Wry and York, 2017). In other cases, hybridity stems from unplanned shifts in organizational membership (Zilber, 2002; Delmestri, 2006) or changes in regulatory demands (Christensen and Laegreid, 2011), political context (Nee, 1992), cultural expectations (Glynn and Lounsbury, 2005), or access to resources (Galaskiewicz, Bielefeld, and Dowell, 2006).

Whether its origins lie in strategic choice, external constraint, or a combination of the two, sustaining hybridity over time offers several potential opportunities. First, maintaining commitments to multiple identities, forms, or logics can increase organizational legitimacy and access to resources from external constituencies who hold competing expectations, including customers (Smets, Morris, and Greenwood, 2012), professionals (Dunn and Jones, 2010), and the state (Kodeih and Greenwood, 2014). For example, nonprofits that engage in advocacy and service provision gain legitimacy from associating with existing organizations of both types (Minkoff, 2002). Second, tensions between the elements of a hybrid can fuel creative solutions to organizational or societal challenges and result in novel innovations (DiMaggio, 1988; Hsu, Negro, and Peretti, 2012; Jarzabkowski et al., 2013). Jay (2013) found that leaders' responses to tensions among multiple logics in a public-private partnership generated new approaches to promoting energy sustainability. Tracey, Phillips, and Jarvis (2011) highlighted how the social enterprise Aspire spawned a new organizational form for addressing the societal problem of homelessness through commercial business ventures rather than nonprofits.

Yet sustaining hybridity also involves persistent challenges, in part due to conflicts over identity—"who we are as an organization" as understood by varied internal and external constituents (Albert and Whetten, 1985; Gioia et al., 2013). Internally, distinct values and beliefs held by different subgroups create contestation (Pratt and Rafaeli, 1997; Anteby and Wrzesniewski, 2014; Besharov, 2014), which can escalate into ongoing and often intractable conflict (Fiol, Pratt, and O'Connor, 2009; Battilana and Dorado, 2010). Glynn (2000) described how Atlanta Symphony Orchestra musicians and administrators formed distinct subgroups, each holding a different understanding of the organization's identity—as either an artistic or economic entity, respectively. These differences endured, creating ongoing tensions and conflict that became particularly challenging during salary negotiations. Hybridity also engenders competing expectations from external stakeholder groups who view the organization through the lens of seemingly incompatible logics or social categories (Rao, Monin, and Durand, 2005; Hsu, 2006). Social enterprises, for example, confront business constituencies who value managerial expertise and financial performance as well as nonprofit stakeholders who primarily care about social mission and impact (Pache and Santos, 2013a).

Two primary streams of research offer insight into short-term responses to the challenges of hybridity. One stream of work emphasizes organization-level strategies, structures, and practices that can mitigate conflict in hybrids. For example, Battilana and Dorado (2010) highlighted the role of hiring and socialization. They found that microfinance organizations, which combine banking and development logics, can avoid conflict by hiring inexperienced employees and socializing them to focus on operational performance, rather than hiring former

bankers or social workers who bring valuable experience but form competing subgroups. Pache and Santos (2013a) showed how French social enterprises accommodate seemingly incompatible demands by developing structures and practices that “selectively couple” aspects of the social welfare logic with those of the commercial logic. Studying the same context, Battilana and colleagues (2015) found that “spaces of negotiation” mitigate conflict by enabling employees responsible for different sides of competing demands to interact and work through disagreements. Other studies have emphasized formalization and collaboration (Ramus, Vaccaro, and Brusoni, 2016) as well as sensemaking to navigate different understandings of performance (Jay, 2013).

A second stream of work focuses on the group and individual dynamics of hybridity. For example, Ashforth and Reingen (2014) showed how a natural foods cooperative attended to both the idealistic and pragmatic sides of its hybrid identity through oscillating shifts in decisions and power between subgroups associated with each side, as well as rituals to maintain and repair relationships. In another study of a natural foods retailer, Besharov (2014) described how “pluralist” managers mitigate conflict between frontline workers who value either the social or commercial sides of the hybrid but not both. At the individual level, studies have detailed how members flexibly draw from and enact multiple logics in different spaces and situations rather than rigidly adhering to just one logic (McPherson and Sauder, 2013; Smets et al., 2015).

While these two streams of research have identified short-term responses to hybridity, challenges persist in the long term due to changing organizational dynamics and environmental conditions, as well as ongoing tensions between dual elements. Ashforth and Reingen (2014) noted that power shifts and dialectical relationships between idealists and pragmatists in the natural foods cooperative fostered tensions for at least a year following their 23 months of active data collection. External forces also create continued challenges, due to changes in stakeholders’ expectations and relative power (Townley, 2002; Dunn and Jones, 2010) and shifts in the market or social problem an organization seeks to address (Dutton and Dukerich, 1991; Smets, Morris, and Greenwood, 2012). Tracey, Phillips, and Jarvis’s (2011) research suggested that if organizations do not adapt in response to such dynamics, they risk failure. Thus organizations must evolve over the long term to sustain hybridity. Yet we lack an in-depth understanding of the processes involved in doing so. As Ramus and colleagues (2016: 1281) emphasized, explaining these dynamics would require “an ethnographic, longitudinal approach that explores how organizations’ members make sense of organizational tensions.” Our study of Digital Divide Data takes a longitudinal approach to addressing this critical question of how organizations sustain hybridity over time.

## METHODS

We used an inductive, single-case research design appropriate for building theory about complex processes (Edmondson and McManus, 2007; Gioia, Corley, and Hamilton, 2013). Digital Divide Data (DDD) is an “unusually revelatory” context that enables us to gain insights that might not be as visible in more-typical cases (Eisenhardt and Graebner, 2007: 27; Siggelkow, 2007; Eisenhardt, Graebner, and Sonenshein, 2016). DDD’s social and business missions were both core to the organization yet seemingly incompatible, a form of hybridity

that usually fosters extreme conflict and can lead to mission drift or organizational demise (Besharov and Smith, 2014). But defying expectations, DDD sustained its dual missions over the entire ten-year period of our study and continued to thrive as a hybrid after our investigation ended.

DDD was launched in 2001 as a nonprofit information technology (IT) outsourcing business helping disadvantaged Southeast Asians access better economic futures through employment and on-the-job training as well as educational scholarships, health care, and other social benefits. When our in-depth data collection ended in 2010, DDD employed 500 computer operators and had “graduated” more than 400 into higher paying jobs at DDD and at external organizations. More than half of DDD’s operators sustained themselves economically while also contributing funds to support their family members. As a business, DDD earned \$2 million in revenues in 2010 and fully covered its operational costs, while also attracting grants and donations to expand its social mission. In 2015, five years after our study ended, these outcomes continued, with DDD earning over \$11 million in revenues, employing over 1,200 people across five locations, and graduating a cumulative total of 900 employees, each earning roughly eight times the amount earned by peers with similar skills, resulting in approximately \$175,000 additional accumulated lifetime earnings.

### Data Collection

We collected multiple sources of data covering DDD’s first ten years to examine long-term organizational dynamics and explore our phenomenon by both “following forward” and “tracing backwards” (Langley and Tsoukas, 2010). We became aware of DDD at its inception, as one of the authors was a colleague and friend of the founder. This author conducted an initial set of interviews and observations in DDD’s early years (2000–2004), including traveling to Cambodia to interview local managers and operators. Collaboratively, both authors collected additional data from 2005 through 2010. During that time, one author took a second trip to Cambodia. These interviews and observations allowed us to follow events forward as they unfolded (Langley et al., 2013). To trace events backwards, we drew on over 3,000 archival documents. Table 1 summarizes the data we analyzed.

**Interviews.** We conducted 34 semi-structured interviews with the founder/CEO, managers, board members, operators, and an external advisor. Early insights from our data collection indicated that tensions between DDD’s dual missions primarily arose in strategic issues confronting senior leaders, in contrast to other studies of hybridity in which tensions manifest primarily among frontline workers (Battilana and Dorado, 2010; Ashforth and Reingen, 2014; Besharov, 2014). We therefore focused our inquiry and subsequent interviews on senior leaders (managers and board members), using discussions with frontline operators and the external advisor to triangulate our emerging insights. To understand how DDD sustained hybridity, we asked interviewees to reflect on DDD’s social and business missions, the relationship between them, and practices for enacting them. To increase the reliability of the data, we adopted a courtroom interviewing style (Eisenhardt and Graebner, 2007), asking

**Table 1. Summary of Data Analyzed\***

	Era 1 (2001–2004)	Era 2 (2005–2008)	Era 3 (2009–2010)	Total
<i>Interviews</i>				34 interviews
Founder/CEO (C)	✓	✓	✓	4
Board members (B)		✓	✓	9
Managers (M)	✓	✓	✓	16
Operators (O)	✓	✓		4
External advisor (EA)		✓		1
<i>Observation</i>				13 days
Daily operations, Cambodia (Ops1, Ops2)	✓		✓	7
Management retreat, North America (Meeting1)			✓	1
Board meeting, Cambodia (Meeting2)			✓	3
Board meeting, North America (Meeting3)			✓	2
<i>Archival documents</i>				295 documents <sup>†</sup>
Board meeting agendas, minutes (Board)	✓	✓	✓	29
Grant and fundraising applications (Grant)	✓		✓	93
Client proposals (Client)	✓			54
Business plans (BusinessPlan)	✓	✓	✓	7
Media mentions (Media)	✓	✓		49
Internal analysis (InternalAnalysis)	✓	✓	✓	30
Communications, annual reports (Communication)	✓	✓	✓	7
Legal documents (Legal)	✓			26

\* Labels in parentheses indicate our notations in the text. For example, when quoting from the interview data, we assign each interview a number from 1 to 34 and use the prefix C to refer to the founder and CEO, B to refer to board members, M to refer to managers, etc. We use similar notations for our observation and archival data.

<sup>†</sup> We analyzed these 295 documents in depth, from among the over 3,000 documents collected.

informants to describe specific, concrete events and how they unfolded over time. Interviews lasted between 45 minutes and two hours. We recorded and transcribed 23 interviews. For the others, we took extensive notes in real time, typed them within 24 hours, and when possible, compared notes across authors to increase accuracy.

**Observation.** One author traveled to Cambodia in 2004 and 2010 for five days each time, observing DDD's operations, meeting with local informants, and attending a three-day board meeting. Both authors observed a two-day board meeting and a one-day management retreat in North America in 2009–2010. We took extensive notes at all meetings and typed them within 24 hours. For the North American meetings, we compared our notes to increase accuracy.

**Archival documents.** A particular strength of our data is the archival documents. The founder gave us all the documents on his computer beginning with DDD's origins during his November 2000 trip to Siem Reap. These materials include business plans, grant applications, diary entries, and personal correspondence among DDD's leaders. We also had agendas and minutes for all board meetings from the organization's founding through 2010. We categorized

and reviewed over 3,000 documents, relying primarily on 295 documents that provided the most relevant and detailed insight into our research question.

## Data Analysis

We adopted prescribed analytical techniques to move from raw data to theoretical interpretations, iterating among data collection, analysis, and existing literature to generate insights (Langley, 1999; Gioia, Corley, and Hamilton, 2013; Eisenhardt, Graebner, and Sonenshein, 2016; Gehman et al., 2017). Though this process was not linear, for clarity we delineate three main steps in our analysis.

We first developed a rich case study that integrated the various sources of data. The case included a timeline of events; a list of stakeholders, including managers, board members, and partner organizations; and a thick description of how events unfolded over time (Langley, 1999). This step helped us identify multiple conceptual lenses for interpreting DDD's social and business missions. We observed DDD's external stakeholders adhering to different institutional logics—socially constructed patterns of beliefs and practices that shape cognition and guide action (Friedland and Alford, 1991; Thornton, Ocasio, and Lounsbury, 2012). We further noted that DDD combined aspects of multiple organizational forms—archetypal sets of structures and practices that are taken for granted as appropriate ways of organizing (Greenwood and Hinings, 1988, 1993). Yet the data most strongly pointed toward DDD's social and business missions as informing its identity—the central, enduring, and distinctive features that define who an organization is and what it does (Albert and Whetten, 1985; Gioia et al., 2013). In particular, the case revealed how insiders and outsiders understood DDD as having both a utilitarian identity as a business and a normative identity as a social mission-driven organization (Albert and Whetten, 1985; Foreman and Whetten, 2002; Ashforth and Reingen, 2014). This observation led us to explore how DDD's dual missions created tensions around the organization's identity and how leaders responded to and addressed them.

We also noted continual shifts in how leaders enacted DDD's social and business missions. Leaders repeatedly reinterpreted the meaning of their dual missions and experimented with varied operational practices associated with different meanings. Yet leaders also maintained and strengthened their commitment to both missions. Our curiosity about the juxtaposition between ongoing adaptation in meanings and practices and stability in commitments led us to focus in more depth on what shifted and what remained stable over time. Reexamining the case, we found that major shifts in meanings and practices unfolded in three eras over the ten-year period. From 2001 to 2004, leaders focused on helping the most-disadvantaged citizens in Southeast Asia by identifying underprivileged groups, hiring them to work in DDD's fledgling IT outsourcing business, and supporting their further education and skill development. Between 2005 and 2008, leaders shifted their focus toward building a sustainable business, with the belief that they could best help people advance by ensuring the business they worked in was successful. In 2009 and 2010, leaders adapted meanings and practices again to expand DDD's social impact while remaining operationally sustainable. These observations led us to focus our subsequent analyses not only on adaptation in meanings and practices in each



era but also on how this adaptation enabled broader shifts in the relative emphasis on the social and business missions over time.

In the second stage of the analysis, we returned to the raw data to unpack the processes associated with adaptation in meanings and practices. Building on our initial insights, we adopted a “temporal bracketing” technique (Langley, 1999), splitting our data into the three eras. We open-coded data within each era, asking how DDD’s senior leaders understood meanings and enacted practices associated with each of their missions. By comparing codes within and across eras (Eisenhardt, 1989), we identified common empirical themes. We iterated among empirical themes and between the themes and relevant literature to move from first-order themes to second-order conceptual categories (Eisenhardt, 1989; Gioia et al., 2013). When relevant, we drew on constructs from the literature to label our conceptual categories. For example, as leaders interpreted and reinterpreted DDD’s social and business missions, we found that these interpretations informed leaders’ sense of “who we are” as an organization. Drawing on existing literature on organizational identity labels and meanings (Gioia, Schultz, and Corley, 2000), we created the conceptual category of “(re)interpreting identity meaning” to capture these ongoing shifts.

In addition, in each era, we noticed that leaders’ cognitive framing of the relationship between the social and business missions seemed to inform how they managed the two missions. At a 2009 North American management retreat, one manager said, “DDD is essentially a paradox.” Based on our observations and this statement, we drew on the paradox literature as we further explored leaders’ framing of DDD’s dual missions, noting that leaders described the relationship between the two missions as both contradictory—i.e., distinct and prescribing alternate courses of action—and interdependent—i.e., synergistic and both necessary for long-term success (Smith and Lewis, 2011). Guided by the literature, we captured this understanding with the conceptual category of “paradoxical frames” (Smith and Tushman, 2005; Miron-Spektor, Erez, and Naveh, 2011; Miron-Spektor, 2017). We created a new conceptual category, “guardrails,” which emerged from three distinct empirical themes involving formal organizational structures, individual leadership expertise, and external stakeholder relationships associated with each mission, all three of which served a similar function: they acted as guardians of each mission, monitoring whether practices emphasized one mission at the expense of the other.

In the third and final phase of analysis, we examined the relationships among conceptual categories and integrated existing literature to build a theoretical model explaining how and why categories were related (Whetten, 1989). This analysis led us to understand one set of conceptual categories as key components of an adaptive “enactment process” through which leaders actively confront tensions and shift the meanings and practices associated with dual missions, and to identify two other conceptual categories as stable “enabling features” facilitating ongoing adaptation.

Throughout the data collection and analysis process, we took steps to ensure the validity of our findings. First, we became enmeshed with the organization over time, allowing us to gain greater insight into subtle details (Lincoln and Guba, 1985). Second, we used varied sources of data and interviewed informants at multiple organizational levels to triangulate perspectives (Jick, 1979; Eisenhardt, 1989). Third, combining real-time and retrospective data allowed us to gain more-robust insights across the ten-year period and



minimized bias from any single perspective (Leonard-Barton, 1990; Eisenhardt and Graebner, 2007). Fourth, we wrote thick descriptions and shared them with key informants in DDD to integrate various sources of data, capture the rich context over time, and ensure the quality of our analysis (Langley, 2007). Finally, we sought feedback from colleagues on our emergent constructs and model to increase our interpretations' reliability and validity (Lincoln and Guba, 1985).

Figure 1 shows how we moved from empirical themes to conceptual categories and aggregate dimensions in our analytical process. In the Online Appendix (<http://journals.sagepub.com/doi/suppl/10.1177/0001839217750826>), figure A1 summarizes the data by era to support the findings narrative, and table A1 offers additional "proof quotes" for each of our conceptual categories (Pratt, 2008).

## PROCESS ANALYSIS: SUSTAINING HYBRIDITY AT DIGITAL DIVIDE DATA Helping the Most Disadvantaged (2001–2004)

**Paradoxical frames.** Jeremy Hockenstein recalled that when visiting the Angkor Wat temple in November 2000, the Cambodian people captured his attention and planted the seeds for DDD:

It was the people I met who were most striking. I saw Internet cafes and English schools on many street corners. My taxi driver spent 25% of his \$2 daily income on English lessons each morning in the belief that it would help create a better future for his family. I met leaders of local NGOs who had started with no outside help and had organized subsidized computer and English courses for poor Cambodians. In talking to these people, however, I learned that most of the graduates of the programs could not find jobs, as there were not many opportunities. The few that existed rarely went to disabled and disadvantaged people. . . . I realized then that I had the opportunity and the obligation to do something to help the Cambodians I met rebuild [their economy]. Digital Divide Data was born. (Grant2)<sup>1</sup>

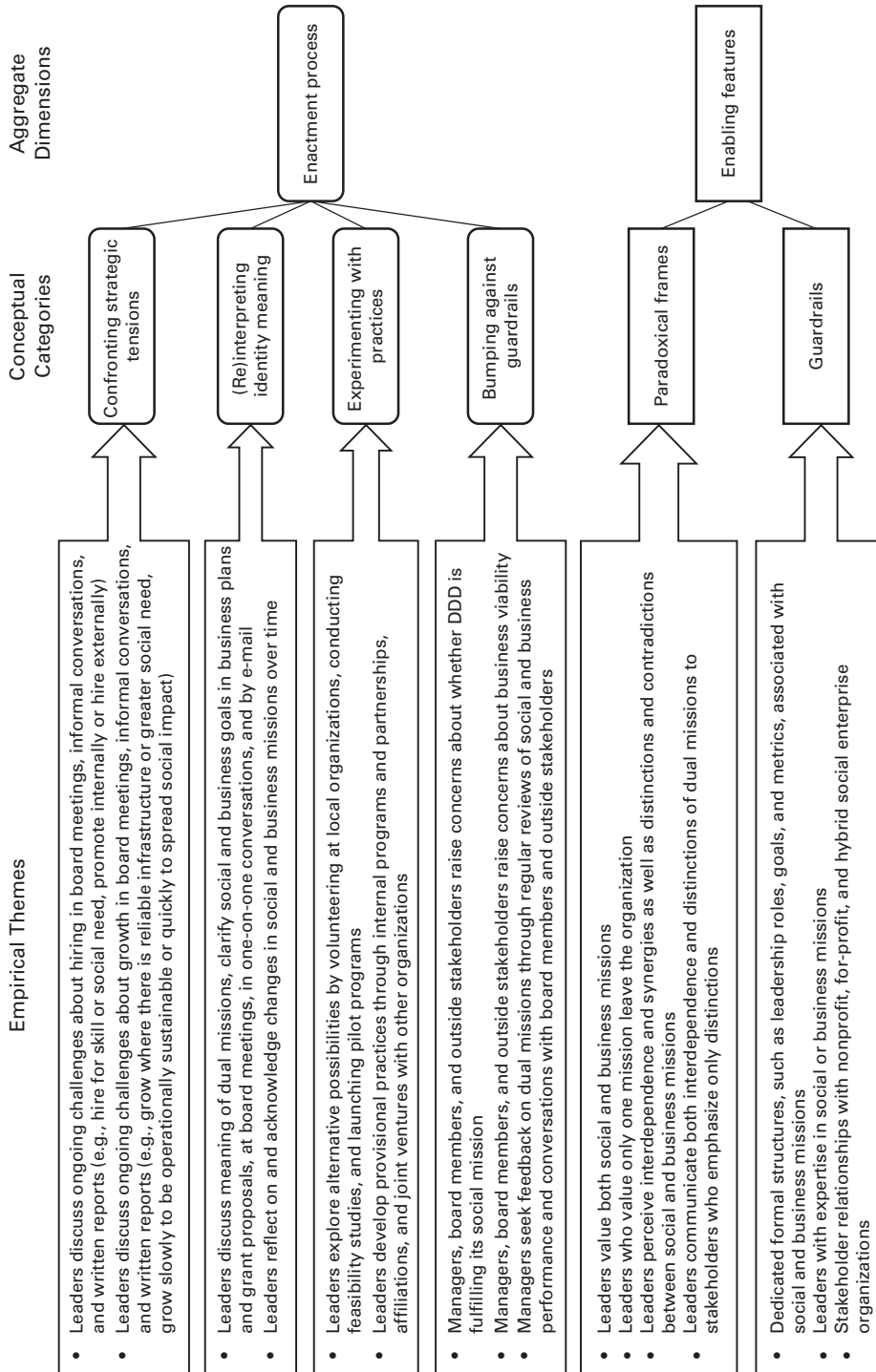
Hockenstein had worked toward achieving social missions as an international leader of a youth group during high school and later as a director in a nonprofit organization. Yet as the quotation above indicates, he observed the limitations of nonprofit training programs for helping Cambodians find jobs. Drawing on his recently acquired MBA, as well as management consulting experience, he envisioned pursuing a social mission through a business.

Back in the U.S., Hockenstein convinced four friends—two with a business background and two with a social mission orientation—to travel to Cambodia with him the following February to explore possibilities. The group volunteered at a local nonprofit training program, observing participants' frustrations of not being able to find jobs that used their new skills, and they talked with Cambodians who described large non-governmental organizations (NGOs) as wealthy, corrupt, and ineffective. Soon after, the group developed a funding proposal to combine nonprofit and business approaches in a single organization that would "create well-paying technology related jobs" to help people move

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<sup>1</sup> See table 1 and its note for an explanation of the notations we use to identify data sources referenced in the rest of the article.

Figure 1. Data structure.



out of poverty (Grant1). As this proposal reflects, the founders understood DDD's social and business missions as relying on and informing one another. One of the first managers hired in Asia highlighted this interdependence, noting how operators could learn new skills on the job that ultimately improved their life chances: "If they try harder, they know that they will be able to do better in their future. If they know more English, and know more computer skills, then they should be able to get a better job after DDD" (M7). Yet leaders also recognized distinctions and contradictions between their missions. For example, their initial funding proposal articulated separate and contradictory priorities associated with running a business and helping people:

Our first priority is providing high-quality services and therefore we require the best talent Cambodia has to offer; we believe this is essential in order to establish a strong reputation for excellence that will in turn bring more work to the country over time. . . . Beyond this requirement, we would like to focus on individuals who, without our intervention, would have difficulty gaining well-paying jobs and joining the global economy. (Grant1)

The founders' interactions with the media further illustrate their paradoxical frames—leaders' understanding of DDD's dual missions as contradictory and interdependent. In the early 2000s, news articles frequently wrote about business as "part of the problem" rather than a potential solution to societal ills (Finder, 2005). Consistent with this perspective on social and business missions as adversarial, the *Boston Globe* ran a story in 2001 criticizing DDD for "exploiting low-wage, Third World workers as a source of cheap labor" by paying them only \$.40/hour (Media1). Responding to the story with a letter to the editor, Hockenstein argued that DDD's business could both generate profits and benefit its operators and the Cambodian economy, not just one or the other as the article implied.

**Confronting strategic tensions.** As the co-founders launched DDD, they faced tensions around where to locate their first office and who to hire, with their social and business missions entailing seemingly contradictory approaches. Leaders actively discussed these tensions. One of DDD's early managers noted, "We always had a healthy debate between the social enterprise and business" (M34).

First, they grappled with where to locate their office. Over 80 percent of Cambodia's population lived in impoverished rural villages disconnected from the global economy (World Bank, <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=KH>). In their initial business plan, the founders described a vision to open offices in these villages, where they perceived the greatest need for economic development:

Our ultimate vision is to find a way to help rural villagers—in Cambodia and then beyond—to earn incomes through providing IT-related services to foreign companies. While we recognize that entrepreneurs are currently establishing data entry facilities in developing countries, we do not know of any attempts to do this in rural villages. We believe that it is necessary to establish a philanthropic entity which will ensure that the profits from this project are used to benefit the workers and village community. (BusinessPlan1)

Yet Cambodia's two main cities—Phnom Penh, the capital city and commercial center, and Battambang, a smaller urban center—offered greater access to key resources for operating a viable business, such as electricity, transportation, and the Internet. Leaders decided to locate their first office in Phnom Penh to take advantage of these resources, but they continued to explore and debate rural expansion. A July 2001 announcement stated that “we plan to eventually expand to more rural settings” (Communication1), and the first board meeting in February 2002 included a discussion of “branch office plans” (Board1).

Second, the founders faced tensions around who to hire. Few candidates fit both criteria of being “the best talent Cambodia has to offer” and the “most disadvantaged” (BusinessPlan1). People from DDD's target disadvantaged groups—orphans, rural villagers, women rescued from sex trafficking, and the physically handicapped—often left school at a young age to earn money and had limited English and computer skills. One manager noted that initial applicants typed approximately eight words per minute and knew very little about technology (M07). Another manager described many late nights in DDD's early days redoing work from operators who did not even know the basics of technology, such as how to save their files (M34).

**Interpreting identity meaning.** As they grappled with these strategic tensions, the founders clarified who they were and what they did as an organization. DDD was initially one of many initiatives the founders envisioned to help disadvantaged Cambodians, and it was formally launched as a project within an umbrella organization called Follow Your Dream. Consistent with broader understandings of social enterprise during this period as an “entrepreneurial, largely nonprofit” activity (Hunt, 2000), the founders noted in their first client proposal that “DDD is a nonprofit, which ensures profits go directly to poor people and supports our commitment to excellent working conditions (living wage)” (Client1). They further described DDD as helping “Cambodians from impoverished backgrounds, women (particularly those who are vulnerable to being drawn into sex-related jobs), [and] Cambodians who have lost legs to land mines (or have other disabilities)” (BusinessPlan1). In pitching their idea to funders, they emphasized that they would reach these populations and “connect underprivileged Cambodians to the global economy” by focusing on data entry projects requiring limited skills (Grant4). These aspirations and identity claims suggest leaders understood DDD as a social endeavor to help the most-disadvantaged people in Southeast Asia “follow their dreams” through employment.

**Experimenting with practices.** In addressing strategic tensions, the founders not only clarified their interpretation of DDD's identity but also experimented with different operational practices, without making extensive financial or cognitive commitments to any one of them. Responding to growth tensions, leaders continued to explore what they eventually called their “thatched hut dream” (M34) of operating in rural villages, while also investigating more urban locations. In February 2003, an American manager in Cambodia and the board chair conducted a feasibility trip to rural villages to explore opening an office there. Leaders also conducted feasibility trips to the cities of Battambang,

Cambodia and Vientiane, Laos. To further explore Battambang, DDD piloted a partnership with Cambodia Business Integrated Rural Development, an NGO, to operate a temporary office out of rented space in the city. In August 2003, DDD opened its own office in Battambang, and in December, it opened one in Vientiane, Laos. Neither location directly realized leaders' "thatched hut dream," but they fulfilled DDD's social mission in other ways. Battambang served as an urban center for nearby rural villages and allowed DDD to hire people from these locations. Laos was similar to Cambodia in its economic challenges and demonstrated "a clear need for the kind of job creation program that DDD offers" (InternalAnalysis6). Thus, even though DDD never opened a rural village office, leaders' approach to growth prioritized expansion to spread the social mission to new locations where they could reach more impoverished people.

To experiment with hiring practices, the founders partnered with nonprofits that trained disadvantaged citizens. Struggling to find people who were both skilled and disadvantaged, they started working with NGOs that offered job training to disadvantaged citizens. DDD secured grants to support customized technology classes at the NGOs and then hired the most talented graduates from these programs. They first collaborated with Cambodian Volunteers for Community Development (CVCD), and based on the success of this program, they formed additional partnerships. For example, leaders obtained a grant from the United States Agency for International Development to train women rescued from sex trafficking in partnership with the Cambodian Women's Crisis Center (CWCC), and they hired 18 women from this program in 2003–2004. These programs were intended to develop the skills of disadvantaged populations, but as DDD's Cambodian human resources (HR) manager noted, over time hiring decisions ended up prioritizing disadvantage:

I pick out the priority ones [to hire]. The disabled as a priority, or the orphans who are living at the Temple or Pagoda. And then I look at the rural migrants from the province. I look at the statistics in DDD and how many are from each province. So I have to balance. I look at their background and their family situation, and I have to make a short list. . . . We don't care about their skills or experience. When we get the new employees, we must train them for three months to use our software and other processes that we use. (M06)

**Guardrails.** As they experimented with practices, leaders also developed expertise, external relationships, and formal structures that eventually came to serve as stewards of their social and business missions. We label these features "guardrails" because, similar to those on a road, they kept DDD from veering too far toward one mission.

Between 2001 and 2004, DDD engaged managers and board members with expertise in for-profit and nonprofit organizations. Of the two initial expatriate leaders in the Phnom Penh office, one had worked in banking and the other had worked for NGOs. Of the first two local Cambodian leaders, one had been an entrepreneur and the other had NGO experience. The board of directors, established in 2004, included people with business backgrounds, such as the former leader of a multi-million-dollar business unit of a large U.S. public company, as well as people with nonprofit experience, including a senior leader from the International Finance Corporation (IFC), a division of the World Bank that specialized in supporting developing regions. As leaders established formal

structures, they tasked the HR manager with primary responsibility for the social mission, while the general manager of each office focused mainly on business operations.

Leaders also built relationships with for-profit and nonprofit external stakeholders. They forged a partnership with Cyberdata, an Indian data outsourcing firm that helped DDD's leaders learn the operational aspects of the outsourcing business. Cyberdata's CEO sat on DDD's initial advisory board, and leaders maintained a relationship with the firm over time, sharing work when clients' needs surpassed DDD operators' capabilities. The co-founders also invited several nonprofit leaders to serve on the advisory board, including the executive director of CVCD, the training NGO with which DDD partnered in Cambodia.

**Bumping against guardrails.** In 2004, stewards of the business mission raised concerns about hiring and growth practices that emphasized the social mission and threatened DDD's financial and operational viability. We refer to these instances as "bumping against guardrails" because they involve moments in which formal structures, leadership expertise, or external stakeholder relationships representing one mission create awareness among leaders that practices have drifted too far toward the other mission. In this way, practices bump against the organization's guardrails.

The general manager in Phnom Penh questioned the efficacy of DDD's hiring practices, noting particular problems with the women rescued from sex trafficking: "We have some problem with women who are from the [women's training program]. They are very low education and skills, most are in bad mood. They are hardly improve English, computer, speed, etc. These make our income low too (-7%)" (Board2). The newly hired North American VP of sales and business solutions, who held an MBA and had a business background, expressed ongoing frustration about the timeliness and quality of projects due to operators' low skills, which limited DDD's ability to successfully compete for clients. Others raised concerns about growth. After learning more about rural locations, the board chair noted that their "thatched hut dream might actually be a thatched hut nightmare" (B09).

Concerns about financial viability peaked at the October 2004 board meeting, when a new board member who managed a multi-million-dollar business reviewed DDD's finances and cautioned that its inspiring social mission would not compensate for a dire financial situation. As he explained to us:

[DDD] had good support from the World Bank and IFC for considerable funding. They won a prize through the IFC that gave them access to both the money and also some pretty good advice. . . . [The founder] with his magnetic personality attracted a lot of really bright people, young people oftentimes with very little experience, who were willing to work for almost nothing and would agree to go work in Cambodia for even less. But . . . I went to a board meeting where they presented some financial reports . . . and being somewhat experienced in the financial end of the world [I evaluated them] operationally as a business, and I said, "Do you realize this company is bankrupt in less than three months?" That was a surprise to them. Bankrupt meaning they were out of cash, and they had no cash coming in. (B19)



## Building a Sustainable Business (2005–2008)

**Paradoxical frames.** To fulfill its dual missions, DDD needed to address the financial viability concerns raised in 2004. Leaders' understanding of the relationship between the two missions informed how they grappled with this challenge. The founders still recognized contradictions, with Hockenstein noting that "managing a social mission and keeping costs down—those can be in conflict" (C08). Yet they also continued to treat the missions as integrated, describing DDD as a "nonprofit company." Hockenstein explained, "We think of profitability and sustainability as a means to attain our social mission. It is through our own profitability that we will have the resources to continue to create opportunities in Cambodia" (C08).

Between 2005 and 2008, other senior managers and board members came to embrace this paradoxical frame. While many of these individuals had nonprofit or business backgrounds, they joined DDD because it combined the two missions. A new board member explained:

DDD has a sustainable business plan over time. They weren't just asking for donations for their operating expenses but rather for growth, and for [educational] scholarships, and [they] had a pretty sound business mission for long-term sustainability. That is what attracted me to it, the combination of a true business and figuring out how to be competitive in a for-profit world with this nonprofit with a social mission. (B19)

The Laotian general manager of the Vientiane office, a recent MBA graduate, described DDD's unique approach of pursuing a social mission through a business as motivation to take the job: "I wanted a job that I can use my business knowledge and also help society. . . . We don't have social enterprise in Laos, but I just told my heart I didn't want to have to wait" (M07). These leaders were committed to pursuing social and business missions together in a single organization, even as they recognized trade-offs and tensions between them. Another new board member explained:

Everybody gets both sides, otherwise they wouldn't be asked to be on the board. Some people are sort of hard-nosed business guys, but it's all clearly understood. . . . Both missions have to be served. One mission may have primacy at certain times, and one may have to have it at others, but both have to be served at all times. (B20)

Leaders who valued only one mission left the organization. For example, in 2005, the general manager of the Phnom Penh office was asked to resign after he repeatedly prioritized efficiency over operators' development.

**Confronting strategic tensions.** Committed to DDD's dual missions, leaders did not abandon the social mission to focus on the business when operational and financial challenges arose. Instead, they grappled with tensions around how to improve business performance while maintaining their social mission. First, leaders continued to debate who to hire as operators. DDD still partnered with NGOs in Cambodia to hire graduates of their training programs, but there were few potential partners in Laos, as the NGO sector was weak due to public skepticism. The Vientiane general manager experimented with

internal training and with hiring more skilled college graduates, reasoning that in Laos even college graduates could be disadvantaged. This approach raised a question that DDD leaders actively debated: should they hire university students more broadly? One board member noted, "I'm not sure how important it is for us to primarily hire from disadvantaged populations. I think growth may require expanding our hiring pool. I think we may soon strip the supply of 'trained' disadvantaged youth . . . and also we may need folks with stronger education and skills to build this kind of business" (Board3). Yet other leaders remained committed to hiring the most disadvantaged.

Second, leaders grappled with new tensions about hiring. As DDD grew in size, they needed more middle and senior managers. They could hire expatriates who had the requisite skills and experience for these roles, but leaders worried about whether doing so aligned with their social mission. As one board member noted:

How do we balance building capacity of local staff in Cambodia and Laos versus bringing in talent from outside of the country? . . . If we bring in an American or Singaporean to come in and be a senior manager in the organization and be there in a sort of permanent long-term staff [role], I think that it, to some extent, goes against our mission of how are we building capacity of people in Cambodia and Laos and potentially other developing countries to do this kind of work. (B23)

Leaders considered promoting operators or hiring locals who would not otherwise have management opportunities, but they struggled to find qualified individuals. A 2006 board packet stated, "The board is concerned that we have shallow management in every area" (Board6).

Leaders also confronted new tensions about growing the organization. Whereas debates about growth previously centered on urban versus rural locations, this tension had receded by 2005, as experimentation convinced leaders that rural locations might not only diminish their business efficiency but also lead to some detrimental social consequences (InternalAnalysis5). They concluded that urban locations could fulfill the social as well as the business mission, especially if DDD hired operators from rural locations who had relocated to the city. Yet leaders now faced tensions about how quickly to expand. Opening two new offices in the first three years had enabled them to scale up DDD's social mission but also created operational challenges. At the March 2005 board meeting, they debated slowing growth to focus on improving profitability or expanding to additional locations to further increase DDD's social impact and demonstrate the replicability of their model (Board3).

**Reinterpreting identity meaning.** In responding to these tensions, leaders revisited questions of "who we are" and "what we do" as an organization. Leaders had already started to shift their understanding of DDD's identity, describing DDD as a "nonprofit business" (BusinessPlan2) and officially changing the organization's name from Follow Your Dream to Digital Divide Data in 2004. The formal vision and mission statements leaders adopted that year further reflected their emerging interpretation of DDD as a nonprofit-business hybrid with a mission to "provide growth opportunities for our staff and high-quality services to our customers through sustainable technology-related enterprises" (Board1). Following the October 2004 meeting, the board chair sent out

a memo to the board explaining that “most of our time in our [next] board meeting will be spent clarifying DDD’s mission and social goals” (Board3). He invited reflections by e-mail and used these responses to inform the conversation at the March 2005 board meeting. Noting that DDD’s dual missions were “understood by many of us in different ways,” the board chair identified five distinct meanings, which he used to launch the discussion:

1. *Most disadvantaged*: Create opportunities for the most disadvantaged, especially employing and providing education for young people with disabilities, orphans, abused women, and the very poor.
2. *Private sector development*: Strengthen economic development in Cambodia and Laos, especially preparing young people to take on leadership roles in the IT sector.
3. *Guaranteed employment*: Promise to employ our operators until they are ready to move on, to ensure ongoing support for their education and their families.
4. *Rural development*: Create jobs and opportunities in rural areas, such as Battambang.
5. *Expansion to other countries*: Bring DDD to other countries such as Vietnam. (Board3)

Leaders’ four-hour conversation about these meanings concluded with a shared understanding that their primary goal was to build a sustainable business “with the objective of creating opportunities for the disadvantaged encompassed within that” (Board4). This marked an important shift in how leaders understood DDD’s identity: they clarified that its social mission did not imply hiring just because someone needed help and that its business mission entailed running a viable business that could cover its costs. As a result, DDD would focus on helping disadvantaged people who also enabled them to run a viable business.

Discussions about the meaning of DDD’s identity continued at the next board meeting in October 2005, when another board member facilitated a conversation about “What does it mean to be a social enterprise?” and “What is DDD right now (in terms of a business and NGO)?” (Board5). Yet even as their interpretations of the social and business missions continued to evolve, leaders remained committed to both missions as defining features of who they were as an organization. As the board chair explained in 2006, DDD was a “company,” but one committed to helping people: “Jeremy and I need to make a living, but we can make a living in a lot of ways. The reason that we are in this is because we see this as an opportunity to help people out of poverty. . . . We don’t want to just be another company” (B09).

**Experimenting with practices.** As leaders continued to reinterpret DDD’s identity, they also experimented with new hiring and growth practices. In 2007, DDD developed a partnership with Center for Information Systems Training (CIST), a nonprofit whose employees traversed Cambodia, giving aptitude tests to 12th graders that assessed their skills and conducting “social investigations” that assessed their disadvantage by asking questions such as how many sheep and goats their family kept and whether they owned a television. CIST invited

people who were both extremely disadvantaged and highly skilled to attend a training program, and DDD hired operators from this program. This partnership helped DDD shift away from hiring based on explicit quotas for disabled people, orphans, rural migrants, and abused women irrespective of their skills, to instead hiring for both disadvantage and skill. The partnership further addressed DDD's goal of supporting rural villages, as CIST found many potential operators from remote areas of the country who would ultimately send part of their wages back to their families.

Leaders also experimented with practices to address tensions around hiring middle and senior managers. Up to this point, DDD's model was to train operators and then help them "graduate" into higher paying jobs outside of DDD. As Hockenstein joked, however, "It seemed like it was a great idea to graduate all our employees . . . until we realized that we would be graduating all our employees [and losing their talent and experience]" (C35). As an alternative, leaders explored ways to prepare high-performing operators to "graduate" into internal management positions. In 2007, DDD partnered with a U.S. business school to offer a mini-MBA program for middle managers in Asia (Board9). Working in partnership with an Indian data services firm called Datamation, leaders also developed "Sustainable Partnership for Upscaling and Replicating IT-Enabled Services Businesses" (SPURS) to train internal DDD managers as well as outsiders seeking to start their own "impact sourcing" organizations in a developing country. This program allowed DDD to retain operators and develop local managerial talent while also helping more people without directly employing them by providing classroom training, hands-on management experiences, and mentoring. DDD piloted SPURS with seven DDD junior managers and two people from Sri Lanka who returned to their home country after the training to replicate the DDD model.

To address tensions about how quickly to grow, leaders tried slowing the pace of expansion, committing in 2005 not to open any new offices for several years. Yet they continued exploring how to scale up DDD's social mission. In 2006, senior managers brought to the board a proposal, "Replicating Digital Divide Data Worldwide":

Building on our success, the leadership of DDD proposes to take on an ambitious goal for our next 5 years: expanding DDD to 10 countries employing over 2,000 people. We plan to do this by creating the DDD Global Network. This network will be a set of sustainable social enterprises in developing countries providing socially responsible outsourcing services. Building on DDD's current service offering of digitization, academic/NGO, and business process outsourcing, the new enterprises will specialize in offering different services. (Board8)

The proposal considered several ways to build a global network, noting, "We would like to experiment with some alternatives to the 'owned and operated model.'" Possibilities included a joint venture approach in which DDD would partner with another organization to open an office in a new country and an affiliate model in which a local organization would pay a fee to access DDD's brand, sales and marketing staff, and management training (Board8).

**Guardrails.** Between 2005 and 2008 leaders sought to strengthen leadership expertise and formal structures associated with each mission. Given

DDD's previous business challenges, they added board members and senior managers who could advise them on financial and operational issues. As one of the co-founders noted, "The social mission part we've always been kind of more on top of. So, I think Jeremy's intent was to have people [on the board] who would help us from a business standpoint" (B22). Two business executives joined the board in 2006, a retired entrepreneur and a marketing specialist. In 2008, the board added a former vice president of SAP Labs who previously served as a computer science professor at Cornell and Stanford. New senior managers with business backgrounds included the director of operations and the vice president of business development in Asia.

Leaders also strengthened the formal structures associated with each mission, creating distinct goals, reporting systems, metrics, and roles. In 2005, they set three-year goals separately for the social and business missions. Social goals included "develop[ing] 400 young leaders with technology skills to support economic and social development in the Mekong region" and "gradu[at]ing 100 additional data entry operators into jobs paying \$100+ / month" (Board4), while business goals included increasing annual revenues by 40 percent a year to reach \$1 million in revenues by 2008, more than doubling the number of employees from 175 to 450, and achieving "business sustainability" such that business costs would be covered by client revenue (Board9). In addition, leaders created separate financial statements to better understand the costs and revenues associated with the business mission as distinct from the social mission. They also started tracking DDD's social mission performance with a set of quantitative metrics, including the number of individuals hired from specific disadvantaged groups, scholarships offered and used, staff graduating to jobs outside of DDD, staff promoted within DDD, and the average salary of each group (Board6). They assigned a new full-time social mission director to focus solely on these metrics (Board10).

**Bumping against guardrails.** As leaders sought to build a more sustainable business, guardrails prevented them from losing sight of the social mission. For example, the regional manager in Asia and the new general manager of the Phnom Penh office, a former operator who had been promoted from within, voiced concerns about management practices that prioritized operational efficiency over employees' needs. As they wrote in a 2006 report to the board, "Staff members felt that managers did not listen to them. When there was a problem, the thing managers tried to do was to catch their mistakes and blame them, instead of helping them learn from their mistakes" (Board6). One operator found an article published in the *Cambodian Daily Press* that drew on the 2001 *Boston Globe* article, reporting that operators earned about 40 cents an hour versus the U.S. minimum wage of \$10.40 an hour. In response, the operators created a union and complained to senior leaders that they were being "exploited" (Board7). After managers raised these concerns with the board, DDD changed its HR policies and communication with operators. Recognizing that most Cambodians knew little about social enterprises, as the concept had not yet spread to Southeast Asia, leaders started more explicitly communicating the idea of a dual-mission organization to operators, for example by posting vision and mission statements in the front of each office as a reminder to employees of DDD's dual missions.

A planned 2008 assessment of the social and business goals set in 2005 created another, more major moment of bumping against guardrails. The review found strong business performance—DDD fully covered its operational costs and employed nearly 500 people across its three Southeast Asia offices. On the social mission side, training, internal promotions, leadership, and staff development were strong, but there was little progress in spreading DDD's "impact sourcing" model (Board11). In response, board members called for a renewed focus on expanding DDD's social impact, highlighting the need to "reach farther to target populations that would most benefit from our mission" and grow beyond Southeast Asia (Board11). Outside stakeholders voiced similar priorities. The Skoll Foundation, which granted DDD \$1 million in 2008, designated the money toward expanding DDD's social impact, not just supporting current operations. Similarly, the International Finance Corporation was interested in making a low-interest investment to fund growth, and the Acumen Fund wanted to support expansion to India.

### Expanding Social Impact (2009–2010)

**Paradoxical frames.** As they responded to board members' and external stakeholders' concerns and considered how to scale DDD's social impact, leaders grappled with new challenges. Their shared framing of DDD's missions as both contradictory and interdependent informed these discussions. The board chair acknowledged the tensions this way:

Well, it comes from the dual gods that we bow before. You have a labor-intensive delivery system here, and you've got hundreds of people. . . . A lot of companies would say, let's see how we can do the same amount of work with fewer FTEs [full-time employees], because FTEs are icky and they are problematic and it would be much better if we could do it with machines. DDD is really just the opposite. How can we impact more people by doing the same thing and make sure that we don't have to fire people down the road? (B20)

Yet he went on to insist that, for DDD, the two missions were inseparable: "It would be a mistake to think that those [social and business missions] are totally distinct things. . . . They are intertwined. . . . We do try to keep them integrated at all times" (B20). Senior managers articulated a similar perspective at a 2009 North American management retreat, discussing the skills needed to be a leader at DDD. One person identified "dealing with paradox" as a core managerial competency, a statement others in the room affirmed. As one noted, "Paradox! That's our business." Another reflected, "That's what I think of as a core component to our management practice" (Meeting1).

Leaders' frames were further evident in their communication with outsiders. Although social enterprises were more common by the end of the decade, many outsiders still viewed commercial for-profits as distinct from and contradictory to mission-driven nonprofits and struggled to understand how a single organization could integrate business and social missions. A DDD manager explained, "To us [social enterprise] means something unique around a non-profit that is working through revenue. But it doesn't mean that to everyone" (Meeting1). Another described how he educated external stakeholders on DDD's integrated approach:



First, I try to figure out who they are. Are they a Stanford type that wants the business side [or a nonprofit that wants the social mission side]? Most of the time, I start with “DDD is a for-profit/not-for-profit hybrid” and then add something specific based on who they are. So I tell them, here is one world that you know and are a part of, and here is another world, and we bridge them together. (Meeting1)

**Confronting strategic tensions.** In 2009, leaders again debated growth and hiring tensions. Growth tensions returned to questions about where to locate new offices. Leaders discussed expansion within Southeast Asia to countries such as Vietnam and Thailand, which would allow for operational efficiency given the proximity to DDD’s existing Cambodia and Laos offices but would reach a less disadvantaged population. An Indian venture would similarly provide business benefits by allowing DDD to collaborate with its longtime partner Cyberdata, but here too leaders perceived more limited social needs (Board13). Kenya, in contrast, seemed to have greater social need and a sufficient infrastructure to build a viable business, as well as socio-economic diversity to enable DDD to develop local clients, something leaders had long sought to do to support and build local economies (Board16). Leaders also grappled with how to sustain social mission programs as they expanded (Board 13). At the March 2009 board meeting, they discussed whether DDD could continue providing formal educational scholarships to a larger employee base or “would need a [new] social benefit model” (B22). They could solicit more donations, but they were trying to decrease, not grow, the need for charitable contributions. A board member noted, “There is a question about . . . how long-term social mission costs will be supported. Most feel that, if we want to keep growing, we need to support some or even all of our social mission costs. More and potentially higher margin work is needed to allay this burden” (Board13).

Hiring tensions centered on managerial positions. DDD’s mini-MBA program strengthened operators’ capabilities and prepared them for internal promotions, yet newly promoted middle managers still lacked critical skills. A senior manager in Asia explained:

If we look at what we want to do in the end, it’s trying to get the most operators out of the cycle [of poverty] and be able to move one socioeconomic class—even if it’s from upper lower class to lower middle class, it’s a leap into a different class—and be the first in their house to go to a university. If you define it as such . . . there may be some sacrifices that we’re making as far as middle managers. [We may need managers] that don’t come from within. . . . My sense is that an organization has to be honest with itself about what it is and what it’s trying to accomplish. And if we try to accomplish too much, then it could strain all areas. (M32)

Board members confronted similar tensions about senior management hiring, arguing that senior managers promoted from within lacked the skills to run and expand the business. At the June 2009 meeting, the board was “very clear that DDD should recruit an experienced COO from outside” (B15). Yet Hockenstein pushed back, emphasizing that staff development opportunities remained core to the social mission.

**Reinterpreting identity meaning.** In grappling with these strategic tensions, leaders again revisited the meaning of their dual missions. As

Hockenstein reflected in 2009, “The social mission is to use IT employment to break the cycle of poverty, specifically through IT outsourcing work, and to bring these jobs to where they would not otherwise be. The question is, how can we have the biggest impact on this mission? To get there, we can’t just keep doing what we’re doing” (C11). Similarly, a board member noted:

How do you make it into something big? Is it simply the dedication of the board or managers that are going to slog through a social enterprise that will someday reach 1,000 [employees], but then it’s kind of driven by the dedication of a group of people—you can’t take it and give it to someone else and have them run with it. That is the challenge people on the board are thinking about. (B22)

At the June 2010 board meeting, leaders considered what it would mean to expand their impact. The senior manager in charge of strategic planning asked the group, “How are we creating jobs for disadvantaged people in developing countries? How do we maximize the impact of this?” (Meeting2). Hockenstein pushed them to interpret DDD’s dual missions more broadly, looking beyond their current business: “My lens going into this is whether there is a way to have a broader impact, without selling ourselves. . . . Are we willing to do something different than creating jobs like we do today?” Board members expressed concerns about whether DDD could have a broader impact while sustaining its current business, but they agreed in principle to a more expansive interpretation of the dual missions.

**Experimenting with practices.** As leaders’ interpretation of DDD’s dual missions shifted to include expansion to reach more people, they explored new practices for doing so. During the March 2009 discussion of expansion, they considered what social mission benefits to provide and how these could be funded with different combinations of business profits and philanthropic donations. Leaders agreed to try a middle ground approach of providing scholarships, leadership development, health care, child care, and other benefits to operators, funded by 20- to 25-percent profit margins and up to \$500,000 of philanthropic donations (Board13). They further explored options for providing these social benefits at a lower cost, such as offering more-targeted internal training and awarding loans rather than scholarships for operators to pursue education outside of DDD through a partnership with the Oltre Development Fund (Board14). A board member explained, “We are looking at some things now where we may have to change our scholarship involvement, because when we are a thousand people, the amount of money that it would take to do that if we fully fund the scholarship, or nearly fully fund it, we just couldn’t afford to grow” (B19).

Leaders also explored multiple possible growth options. At the March 2009 meeting, they discussed growing sales through new locations in Southeast Asia or globally, moving into related IT services, and taking on advocacy and consulting roles to help other organizations emulate their “impact sourcing” model (Board13). To further explore possible new locations, a board member conducted feasibility trips to Vietnam, Thailand, and Kenya. Ultimately, DDD applied for a Rockefeller Foundation grant and received \$1 million to develop a plan for a Kenya office, with the goal of exploring how DDD’s model could rely on local clients. Looking beyond their current business to other types of IT

services, leaders also created a subsidiary venture fund to invest in new social enterprises and made an initial investment in a video-tagging social enterprise started by one of DDD's co-founders, with a similar model of providing economic opportunities to Southeast Asians through employment and training (Board14).

**Guardrails.** In the final years of our study, leaders built stakeholder relationships with individuals and organizations committed to dual social and business missions, not just those who adhered primarily to one or the other. Whereas audiences in the early 2000s understood social enterprise as a primarily non-profit endeavor, by the end of the decade the term referred to "ways for businesses to tackle big issues like poverty and the environment" (Gardiner, 2007). As one article noted, "It used to be that people who wanted to solve a social problem created a charity. Today, many start a company instead" (Alboher, 2009). In tandem with these shifts in meaning at the field level, top business schools opened research centers and launched executive education programs on social enterprise and social innovation, and charitable foundations increasingly supported social-business hybrids in addition to traditional nonprofits. Drawing in part from individuals associated with these initiatives, DDD's leaders cultivated a group of "critical friends" that included "individuals drawn from business, philanthropy, [the] non-profit world and academia, with a demonstrated interest in DDD and experience in investment, international business, social enterprise, technology and philanthropy" (Board16). As we noted previously, DDD also built ties with and received substantial grants from the Skoll and Rockefeller Foundations, both of which funded social enterprise activities that could become self-sustaining.

**Bumping against guardrails.** Feedback from these new external stakeholders was pivotal in 2010, when leaders sought reactions to their dual missions through a formal strategic planning process. After first soliciting input from managers and board members on possible approaches to expanding social impact, leaders convened four meetings of "critical friends" (Board16). At the first meeting, senior managers presented four possible expansion scenarios: continuing to grow in Southeast Asia, providing consulting services to other organizations seeking to replicate the DDD model, launching a venture fund to invest in other social enterprises, and developing an advocacy group to promote the concept of "impact sourcing." Feedback from this session led managers to eliminate the consulting, investing, and advocacy scenarios and develop three new options that involved expanding their current business instead of starting new businesses. They then held three more "critical friends" meetings for feedback on the new scenarios.

Responding to the feedback received in these conversations, leaders once again confronted tensions and revisited the meaning of DDD's dual missions. The senior manager leading the strategic planning initiative explained:

The mission is to bring people out of poverty through IT-related work. There are a variety of ways we could do this. . . . But not all board members are okay with that. For example, some think the advocacy approach we've been talking about doesn't fit [with who we are] because it would not be income generating. (M36)

To clarify these issues, this manager led a discussion at the October 2010 board meeting at which leaders came to a new understanding of DDD's identity, agreeing that "we must continue to expand our reach by providing direct services to more young people" and "as a social enterprise we have an additional imperative to operate a profitable business that supports this transformative work" (Board16). Yet even as they agreed on these new meanings, leaders recognized there was not just one way to enact them. The manager facilitating the conversation noted, "Part of the secret sauce may be having some flexibility around these issues" (M36).

Follow-up conversations with DDD leaders over the five years after our data collection ended suggest they continued to sustain hybridity through ongoing adaptation of meanings and practices. For example, they opened the office in Kenya, with the continued support of the Rockefeller Foundation, and launched a subsidiary in the U.S. that hired military spouses who had difficulty finding employment. Leaders also proactively created additional social and business guardrails that strengthened the boundaries within which adaptation took place. In 2015, DDD hired a former corporate executive to serve as president and charged him with growing the business. Unaware of the findings of our study, he asked the board and senior management team, "What are my guardrails?" In response, leaders created a document outlining the social mission constraints within which the new president had to operate as he grew the business, and they established two new dedicated social mission roles, executive vice president of social impact and vice president of human resources, to counterbalance the president's business focus.

## THEORETICAL MODEL: HOW STRUCTURED FLEXIBILITY SUSTAINS HYBRIDITY

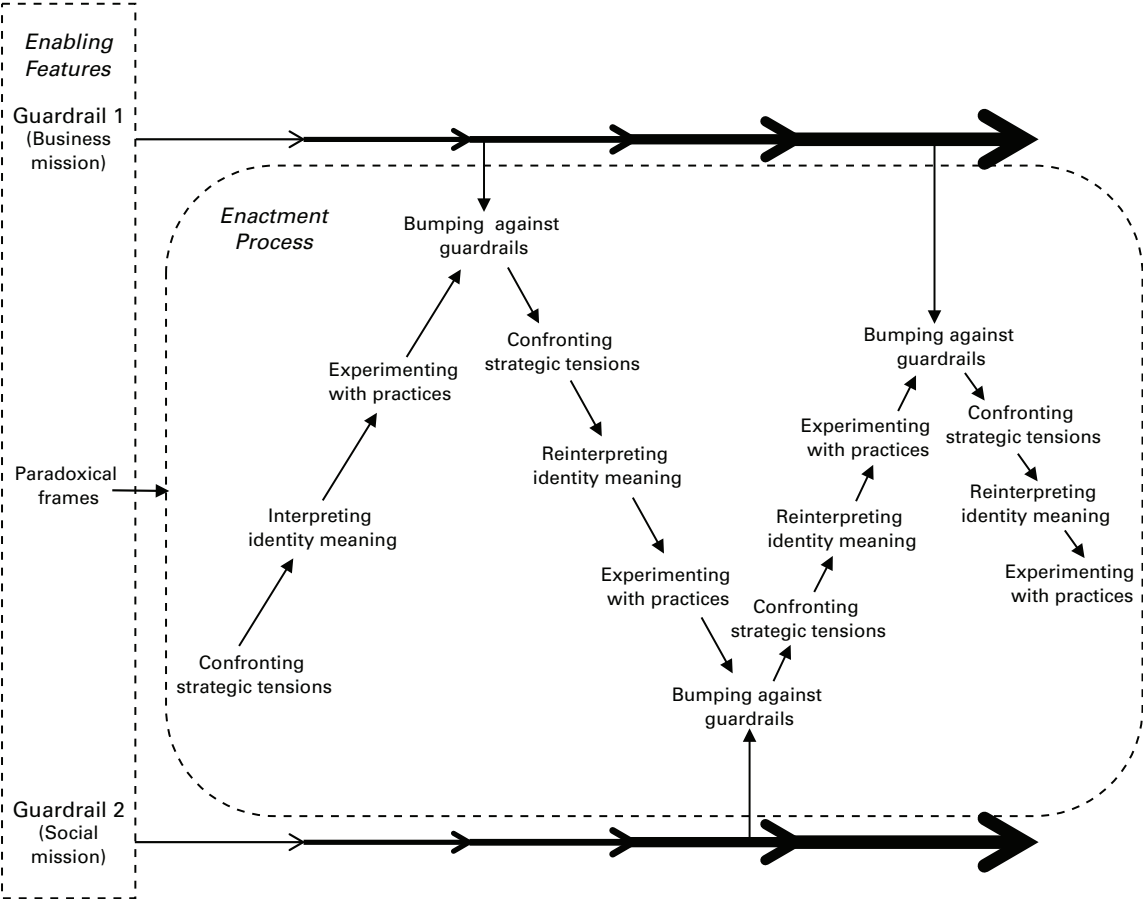
Integrating our findings with relevant literature, we propose a model of structured flexibility—represented in figure 2—that describes how organizations sustain hybridity over time through ongoing adaptation in meanings and practices, enabled by stable organizational features. Hybridity embeds inherent tensions in the very core of an organization (Smith, Gonin, and Besharov, 2013; Battilana, Besharov, and Mitzinneck, 2017). At DDD we observed strategic tensions such as whether to hire operators based on disadvantage or skill, and whether to grow in locations with greater social need or more business infrastructure. In social-business hybrids more generally, tensions are likely to emerge around the divergent goals, structures, practices, and identities associated with social and business missions (Smith, Gonin, and Besharov, 2013). The specific content of tensions varies based on where in the organization the social mission is embedded—for example, who is employed versus what is produced versus who is served (see Litrico and Besharov, 2017). Structured flexibility starts with leaders' responses to these tensions. In many organizations, leaders avoid such issues (e.g., Golden-Biddle and Rao, 1997) or become mired in conflict as they try to adjudicate between competing demands (e.g., Glynn, 2000; Battilana and Dorado, 2010). In contrast, as conflicts arose between DDD's social and business missions, leaders actively confronted strategic tensions, inviting discussion among board members and senior managers and using these conversations as opportunities to explore new approaches to engage their dual missions. Actively confronting tensions may not be surprising

in the early years of an entrepreneurial venture, as uncertainty in nascent organizations often challenges leaders to address ongoing strategic issues (McMullen and Shepherd, 2006). At DDD, however, leaders continued to recognize and collectively debate strategic tensions across the entire ten years of our study.

Actively confronting strategic tensions provokes a search for responses, offering an “invitation to act” (Beech et al., 2004). When competing demands continually recur, leaders cannot eliminate or resolve tensions but must instead navigate through them, finding approaches to move forward even while accepting the ongoing tensions (Luscher and Lewis, 2008; Jay, 2013; Ashforth and Reingen, 2014; Smets et al., 2015). Our model posits that leaders do this by interpreting and reinterpreting identity meaning and experimenting with practices. Interpreting identity meaning involves leaders clarifying who they are and what they do as an organization, which they then reinterpret by questioning, reconsidering, and shifting their understandings over time. At DDD, we observed leaders revisiting and adjusting their interpretations of the social and business missions, even as both missions continued to define the organization’s identity. Whereas strong identity beliefs can serve as a form of cognitive inertia, preventing adaptation and change (Levitt, 1986; Tripsas and Gavetti, 2000; Kaplan, Murray, and Henderson, 2003), reinterpreting identity invites innovation and experimentation (Fiol, 2002). Experimenting with practices then involves leaders making low-cost investments to try out possible ways to accomplish their missions. We use the term “experimenting” to describe these actions because they involve exploring multiple options to address strategic tensions, each one requiring a relatively small resource outlay. At DDD, for example, leaders conducted feasibility studies, launched pilot programs, and partnered with other organizations to explore and implement varied hiring and growth practices. Such bootstrapping practices often help to launch ventures founded on a limited budget (Bhide, 2000; Alvarez and Barney, 2007), and DDD leaders may initially have experimented out of necessity. Whereas bootstrapping usually occurs in the startup phase of an organization, however, experimenting continued throughout the ten years of our study, even after DDD became operationally sustainable.

Experimenting minimizes the risk of leaders becoming committed to any single approach (Kaplan, Murray, and Henderson, 2003; Gilbert, 2005) and allows for ongoing adaptation and change (Tsoukas and Chia, 2002). Instead of experiencing structural inertia, leaders make ongoing shifts over time in how they understand and enact their missions. In our model, leaders continue to shift meanings and practices until they bump against the guardrails, making leaders aware that their adaptations emphasize one side of the hybrid to the detriment of the other. Bumping against guardrails reminds leaders of the other side of the hybrid and, in doing so, brings strategic tensions back into view (Smith and Lewis, 2011; Putnam, Fairhurst, and Banghart, 2016). It is therefore not an endpoint in the enactment process but rather fuels another cycle (Tsoukas and Pina e Cunha, 2017; Lewis, 2018). Over the course of our study, leaders engaged in three cycles of enactment, each time confronting new tensions, reinterpreting identity meanings, and experimenting with new practices. Across these cycles, we observed leaders learning to manage tensions between their dual missions more effectively and efficiently. In particular, they noticed meanings and practices shifting toward one mission at the expense of

Figure 2. A model of sustaining hybridity through structured flexibility.



the other earlier in each successive cycle, such that the enactment process became shorter and swings toward one side or the other became less extreme. Figure 2 captures the decreasing duration and less extreme swings by showing the enactment cycles as shorter horizontally and vertically, respectively. Figure 2 also depicts movement from one cycle to the next in the emphasis on alternate sides of the hybrid. Though the substantive emphasis in each cycle will vary across organizations, our data support other accounts of social-business hybrids (e.g., Jay, 2013) that initially emphasize the social mission, with a subsequent shift toward the business mission.

We identified two stable organizational features that enable the adaptive enactment process. Paradoxical frames are cognitive understandings of dual elements as contradictory and interdependent. In contrast to frames that depict the elements of a duality as either contradictory, conflicting, and in competition or as interdependent, synergistic, and in cooperation, paradoxical frames depict dual elements as both (Lewis, 2000; Smith and Tushman, 2005; Miron-Spektor, Erez, and Naveh, 2011; Smith and Lewis, 2011). At DDD, such frames were initiated by the founding team, whose experience working in a mix of for-profit



and nonprofit organizations inspired them to commit to both social and business missions, while also actively seeking ways that these contradictory demands could benefit one another. Over time, other managers and board members adopted paradoxical frames, as the founders selected and retained leaders who shared their perspective or learned to do so, and leaders who emphasized one mission at the expense of the other left DDD. In this way, paradoxical frames diffused through an attraction–selection–attrition process (Schneider, 1987; Schneider, Goldstein, and Smith, 1995).

Paradoxical frames portray competing demands as persistent and pervasive, inviting leaders to live with rather than resolve tensions (Luscher and Lewis, 2008). As such, these frames facilitate adaptive enactment in several ways. First, they imply that the relationship between competing demands is dynamic and uncertain (Smith and Tushman, 2005; Miron-Spektor, Erez, and Naveh, 2011). They therefore invite leaders to revisit and reinterpret the relationship between dual elements, looking for new points of connection and distinction (Rothenberg, 1979; Smith and Lewis, 2011). Second, because paradoxical frames involve accepting contradictions between competing demands, leaders are comfortable addressing tensions rather than avoiding them (Miron-Spektor et al., 2017). Third, accepting contradictions encourages leaders to search for “workable certainties”—temporary, negotiated responses that enable leaders to move forward rather than trying to permanently resolve tensions (Luscher and Lewis, 2008). Thus paradoxical frames facilitate experimenting with practices and encourage novelty and creative thinking (Rothenberg, 1979; Eisenhardt and Westcott, 1988; Miron-Spektor, Gino, and Argote, 2011). Instead of making long-term commitments to a course of action, leaders adopt provisional approaches, recognizing that they will shift and evolve over time (Andriopoulos and Lewis, 2009; Smith, 2014). Figure 2 depicts these enabling influences with an arrow from paradoxical frames to the rounded rectangle representing the enactment process.

We define guardrails as formal structures, leadership expertise, and external stakeholder relationships associated with each side of the hybrid. At DDD, leaders created structures in the form of metrics, goals, and roles dedicated to each mission. They also recruited board members and managers with backgrounds, skills, and expertise to advance the social or business missions, and they forged ties with external stakeholders from the nonprofit and for-profit sectors. In other contexts, guardrails could also include affiliations with professional organizations (DiBenigno, 2017) or visible symbols such as those conveyed through distinct dress codes or attire (Pratt and Rafaeli, 1997; Smets et al., 2015). The guardrails we observed at DDD initially served a tactical function, helping leaders to implement each mission effectively. Over time, leaders became more aware of the impact these features had in setting boundaries and redirecting meanings and practices, and they proactively added structures, leadership expertise, and external stakeholder relationships. In this way, guardrails intensified over time, even as they continued to represent distinct and separate missions. Figure 2 captures these characteristics of guardrails with parallel horizontal lines that become thicker as they run left to right.

Guardrails create a bounded space within which leaders experiment with alternative approaches. In the absence of guardrails, meanings and practices remain unchecked, risking mission drift as the organization moves toward enacting just one side of competing demands (Ebrahim, Battilana, and Mair,

2014; Ramus and Vaccaro, 2014). Guardrails prevent this drift by setting boundaries on how far meanings and practices shift. As studies of group decision making (Nemeth, 1986; Schweiger, Sandberg, and Ragan, 1986) and innovation (Gilbert, 2006; Smith, 2014) have suggested, having representatives for each side of competing demands can keep one side from dominating. In our model, guardrails serve this role throughout the enactment process but are most critical to sustaining hybridity when they create moments of bumping against guardrails, in which dedicated structures, leadership expertise, and external stakeholder relationships make leaders aware that meanings and practices overemphasize one side of the hybrid and remind them of the importance of the other side. Guardrails thereby prompt leaders to revisit meanings and shift practices, facilitating a new cycle of enactment. Figure 2 depicts this process with arrows running from the guardrail lines to each instance of the bumping against guardrails construct.

In addition to their individual enabling roles, paradoxical frames and guardrails support one another in facilitating ongoing adaptation. Leaders with mission-specific expertise, as well as dedicated structures and stakeholder relationships, often serve as defensive “guards” that foster intractable conflict (Glynn, 2000; Ashforth and Reingen, 2014). Paradoxical frames help to transform these features into productive guardrails, as they diminish leaders’ defensiveness toward one element of the hybrid by asserting an overarching identity that integrates both elements (Sherif, 1958; Sherif et al., 1961; Fiol, Pratt, and O’Connor, 2009) and foster leaders’ appreciation that, over time, oscillations between the two elements of a hybrid will address the needs of both (Knight and Paroutis, 2017). Likewise, by delineating the distinct needs of each element of a hybrid, guardrails protect paradoxical frames from blending elements to obscure hybridity (Dalpiaz, Rindova, and Ravasi, 2016), overemphasizing synergies and creating detrimental complexity (Gilbert et al., 2018), or yielding false synergies in which one element dominates (Smith, 2014).

## DISCUSSION

### Theoretical Contributions and Implications

Our model of structured flexibility adds nuance to accounts of sustaining organizational hybridity. Whereas prior research has either emphasized stable organizational strategies, structures, and practices to engage hybridity (e.g., Battilana and Dorado, 2010; Pache and Santos, 2013a; Battilana et al., 2015) or focused on adaptive processes that shift relationships between dual elements (e.g., Jay, 2013; Ashforth and Reingen, 2014; Dalpiaz, Rindova, and Ravasi, 2016), our model highlights the critical interaction of stability and adaptation to sustain hybridity over time. Adapting meanings and practices associated with dual elements minimizes direct conflict between them by continually developing novel approaches to ongoing tensions, while stable features such as guardrails and paradoxical frames work together to both facilitate and bound this adaptive process such that shifting meanings and practices sustain both elements of the hybrid rather than emphasizing one element at the expense of the other.

Our core contribution reinforces and extends scholarship that has explored the relationship between stability and change (Adler, Goldoftas, and Levine, 1999; Leana and Barry, 2002). As Farjoun (2010) argued, institutions, limits,

structures, and routines can foster inertia and constraint, but they can also facilitate variation, change, and innovation. Extending this research, our model shows how stability and change show up in the context of dualities. For example, we found that in a hybrid, stability may involve leaders' cognitive understanding of the relationship between dual elements, and adaptation may be a response to tensions between them. Our model also resonates with theories of systems dynamics (Forrester, 1968; Senge, 1990; Sterman, 2000), cultural-historical activity theory (Sannino, Daniels, and Gutierrez, 2009; Engestrom, 2014), and configurational analysis (Fiss, 2007, 2011; Misangyi et al., 2017) that emphasize that organizational outcomes depend on constellations of multiple features in social systems, rather than on a single feature in isolation. In doing so, our research challenges hybridity scholars to move beyond considering discrete features in isolation to explore interactions among multiple stable and adaptive aspects of organizations.

Four key theoretical implications follow from our model. First, our insights challenge core assumptions about the nature of hybridity. Much research has depicted the elements of a hybrid as fixed, akin to two solid objects such as stones or bricks, whose rigidity creates friction and resistance when they collide. For example, Glynn (2000) described the Atlanta Symphony Orchestra as comprising two subgroups, each rigidly committed to a distinct interpretation of the organization's identity, leading to persistent, intractable clashes over strategic decisions. Sustaining hybridity in this context depends on structures, practices, and processes to mitigate or work through conflict (e.g., Battilana and Dorado, 2010; Battilana et al., 2015). Other studies have understood dual elements as adaptive and flexible, akin to silly putty or dough, whose malleability enables them to morph into a new, synthesized entity in which the constituent elements blend together. For example, Dalpiaz, Rindova, and Ravasi (2016) described how the household goods manufacturer Alessi combined the logics of industrial manufacturing and cultural production to adopt novel approaches to product development. Such blending challenges hybridity by obscuring its distinct elements or creating false synergies in which one element dominates at the expense of the other (Smith, 2014).

In contrast, our study shows how the elements of a hybrid can be both fixed and flexible, akin to cloth, elastic, or rubber. When such materials collide, they bend or yield without losing their original form, i.e., shifting the enactment of dual elements while sustaining both. At DDD, leaders maintained commitments to social and business missions even as they made ongoing shifts in the meanings and practices associated with these missions. This conception of hybridity as both fixed and flexible resonates with and extends ideas about organizational identity and routines. Gioia, Schultz, and Corley (2000) argued that identity labels may remain fixed, yet their underlying meanings can be more fluid, while Kreiner and colleagues (2015) showed that identity is both a stable state and an ongoing process. Similarly, scholars have distinguished between stable, "ostensive" aspects of routines and dynamic "performative" aspects that create subtle changes in routines over time (Feldman and Pentland, 2003; Howard-Grenville, 2005; Pentland, Haerem, and Hillison, 2011; Turner and Rindova, 2012). We join with other recent scholars (D'Adderio, 2014; Salvato and Rerup, 2017) to extend insights about elements being both fixed and flexible to the context of dualities. In doing so, our study challenges

hybridity research to explore in more depth what is fixed and what is flexible in the dual elements of a hybrid.

Second, by advancing a model of stability and change to sustain hybridity, we further challenge existing assumptions about the organizational features that affect hybridity. Scholars have begun to theorize about the critical role of paradoxical frames for managing competing demands (Smith and Tushman, 2005), particularly in the context of social-business hybrids (Smith et al., 2012; Hahn et al., 2014). Much of the empirical scholarship has adopted an etic approach in which paradox is a label and frame introduced by the scholar (e.g., Jay, 2013; Ashforth and Reingen, 2014; see also Schad et al., 2016). In contrast, we see paradoxical frames held by leaders as a critical enabling condition for sustaining hybridity, illustrating an emic approach in which paradox emerges from the data. Our findings about paradoxical frames call for greater attention to how informants themselves experience and interpret the multiplicity of core organizational elements and the implications of these frames for action (Smith and Tracey, 2016), as well as the conditions under which paradoxical frames benefit organizations (Luscher and Lewis, 2008) or perhaps add too much complexity and become detrimental (Gilbert et al., 2018). With increased attention to operationalizing paradoxical frames (Miron-Spektor, Gino, and Argote, 2011; Zhang et al., 2015; Miron-Spektor et al., 2017), future studies can adopt experimental approaches to test these questions.

We also challenge assumptions in the literature about formal structures, leadership expertise, and external stakeholder relationships associated with each side of the hybrid—which we define as guardrails in our model. Research has suggested that organizational members with leadership expertise and commitment to one side of competing demands serve as constraining guards, staring menacingly at one another ready to protect and defend their own identity (Glynn, 2000; Fiol, Pratt, and O'Connor, 2009; Battilana and Dorado, 2010). Studies have further emphasized the constraining effect of external stakeholders (Dutton and Dukerich, 1991; Gioia and Thomas, 1996; Corley and Gioia, 2004) and found they exert competing pulls on an organization (Glynn and Lounsbury, 2005; Binder, 2007; Pache and Santos, 2010), reinforcing the tendency toward rigidity and conflict in hybrids. In contrast, we show how these features can serve as enabling guardrails rather than constraining guards. In the context of paradoxical frames, internal leaders and external stakeholders create a bounded space within which experimentation and change take place. This insight resonates with theories of how boundaries and stability facilitate change (e.g., Weick, Sutcliffe, and Obstfeld, 1999; Klein et al., 2006) and challenges scholars to consider conditions under which dedicated representatives of competing demands can support rather than deter hybridity.

Third, our model implies a more complex and dynamic conception of how the elements of a hybrid manifest at the individual and organizational levels, which shifts research from treating these elements as either segregated or integrated to considering how they can be both. Extant literature has treated professional background and past experience as constraining (Pache and Santos, 2013b; Besharov and Smith, 2014), leading individuals to either adhere to one side of a hybrid (individuals as segregated) (e.g., Glynn, 2000; Pache and Santos, 2010; Almandoz, 2014) or represent both sides (individuals as integrated) (e.g., Golden-Biddle and Rao, 1997). For example, Besharov (2014) categorized frontline employees of a natural foods retailer as “idealists” advocating

for the social mission, “capitalists” reinforcing the business mission, or “pluralists” integrating both missions. Leaders at DDD were more multifaceted. They fiercely advocated for one or the other of the organization’s missions, in this way serving as a guardrail for that mission, while simultaneously valuing and committing to both missions and exploring points of synergy between them. Expanding on prior work that has shown individuals shifting between competing demands (Dane, 2010; McPherson and Sauder, 2013; Smets et al., 2015), these insights call for scholars to treat professional background and past experience as informing but not fully determining individuals’ cognitive perspective on the dual elements of a hybrid and to explore the organizational contexts and individual capabilities that enable people to flexibly engage both sides of competing demands.

We found similar complexity in how the elements of a hybrid manifest at the organizational level. Existing research has primarily depicted hybrids as either differentiated, with separate units and subgroups corresponding to each side, or integrated, with both sides represented across the organization (Battilana, Besharov, and Mitzineck, 2017). In the identity literature, for example, Albert and Whetten (1985) distinguished between ideographic hybrids in which separate units reflect each element of the hybrid and holographic hybrids in which all organizational units hold both elements. Institutional theorists have similarly described hybrids as either structurally differentiated or structurally integrated (Greenwood et al., 2011; Ebrahim, Battilana, and Mair, 2014). But our data resonate with recent work on paradox in organizations, suggesting that some features of a hybrid can be differentiated while others are integrated (Andriopolous and Lewis, 2009; Smith, 2014). At DDD, leaders created an integrated organizational design to pursue the social mission through the business rather than in a separate organizational unit. Yet within this integrated organization, they developed distinct roles, metrics, and goals associated with each mission. Moreover, the integrated and differentiated aspects of the organization emerged and strengthened over time through leaders’ actions, rather than being fixed a priori (cf. Albert and Whetten, 1985; Greenwood et al., 2011). These findings challenge scholars to move beyond depicting organizations as either differentiated or integrated and to explore combinations of the two. In addition, instead of treating the differentiated–integrated distinction as static, studies can explore how these characteristics emerge and are strategically altered by leaders.

Finally, in showing how the interaction of stability and adaptation sustains hybridity, our model offers implications for understanding adaptation more generally. Organizations must adapt to survive, particularly in a more complex, highly networked, knowledge-based world (Nonaka and Takeuchi, 1995; Bodrozic and Adler, 2017). Yet doing so is difficult, as change requires learning, creativity, and novelty, which clash with and are limited by pressures for performance, rationalization, and bureaucratization (March, 1991; Adler, Goldoftas, and Levine, 1999). Past research has argued that dualities can serve as a motor of adaptation (Van de Ven and Poole, 1995), as the juxtaposition of competing demands creates uncertainty and ambiguity, provokes a search for new opportunities, and enables change (Rothenberg, 1971; Seo and Creed, 2002; Engestrom and Sannino, 2011; Engestrom, 2014). Our study offers an empirically grounded model of how organizations engage dualities to institutionalize adaptation over time. Our model also extends past research by showing not

only how duality is a catalyst for adaptation and change but also how adaptation serves to maintain duality. In hybrids, rigidity of cognition and action can lead to intractable conflict or the surrender of one mission. Shifts in meanings and practices associated with dual missions address these challenges and allow an organization to accommodate both missions and preserve hybridity over time.

By unpacking this relationship between adaptation and duality, our model helps to elucidate and integrate divergent theories of competing demands. Dialectical approaches, based on the insights of Hegel and Marx, have argued that competing demands emerge and evolve, transforming the underlying duality over time (Benson, 1977; Engestrom and Sannino, 2011; Engestrom, 2014; Farjoun, 2017). Paradoxical approaches, drawing from both Eastern and Western philosophy, have also suggested that competing demands interact in ongoing cycles yet emphasized that the underlying dualities persist over time (Smith and Berg, 1987; Cameron and Quinn, 1988; Lewis, 2000; Schad et al., 2016). Our data offer an integration of these approaches, showing dialectical processes that are nested within and serve to address persistent paradoxical tensions (Farjoun, 2017; Hargrave and Van de Ven, 2017). At DDD, meanings and practices associated with each mission continually shifted in a dialectical process. These shifts enabled leaders to maintain commitments to the strategic paradox of achieving both a social and business mission. The details of our model therefore show both the evolution and persistence of competing demands and, by implication, the nested and interlocking insights between dialectical and paradoxical approaches.

### Limitations and Future Research

DDD successfully sustained its dual missions, but we do not mean to imply that doing so is easy or common. We studied DDD because its success was “unusually revelatory” (Eisenhardt and Graebner, 2007: 27), a feature that allowed us to unpack novel dynamics but raises questions about generalizability (Siggelkow, 2007). Many hybrids studied by organizational scholars waver between success and failure (Battilana and Dorado, 2010; Tracey, Phillips, and Jarvis, 2011; Jay, 2013) or drift toward one mission at the expense of the other (Ebrahim, Battilana, and Mair, 2014; Ramus and Vaccaro, 2014). Given such complexity, we encourage scholars to explore the replication, extension, and boundary conditions of our insights.

In particular, our study suggests that an organization’s leaders, and the cognitive frames they adopt, play a critical role in sustaining hybridity, a finding that raises several important questions for future research. For example, studies can probe in more depth how cognitive frames spread from an individual leader to become shared across a senior team or entire organization, as we saw at DDD. Research on imprinting (Baron, Hannan, and Burton, 1999; Almandoz, 2012, 2014; Marquis and Tilcsik, 2013) and on the role of founders’ identities in the creation of hybrid organizations (Wry and York, 2017) has found that early leaders significantly influence subsequent organizational features, including culture and cognition (Schein, 2004). But the complexity and seeming ambiguity of paradoxical frames provoke resistance and defensiveness (Vince and Broussine, 1996; Lewis, 2000; Ashforth et al., 2014), and leaders often respond by offering clarity to reduce confusion (Gioia and Chittipeddi, 1991). In contrast, our findings suggest the value of leaders engaging others to adopt paradoxical



frames and raise questions about how leaders can effectively do so. Future studies can also examine the extent to which complex cognitive frames, as well as other key enabling features for structured flexibility, rely on a single leader such as the organization's founder. In the case of DDD, even as the central components of structured flexibility became embedded in the organization's culture and routines, Hockenstein remained a critical influence. At the time of writing this manuscript, he was still DDD's CEO, begging the question of the extent to which his leadership approach enabled structured flexibility over time and what might happen if he left. Complementing this line of inquiry, research can explore conditions that limit leaders' impact. For example, the more that formal structures, organizational members, and external stakeholders align around separate elements of the hybrid rather than embracing both, the more fixed the elements of a hybrid may become (Besharov and Smith, 2014), minimizing leaders' influence on structured flexibility.

Future research can also explore the applicability of our model to other settings. One important question concerns how structured flexibility operates when hybridity is not a proactive, strategic choice by organizational founders but instead emerges from external stakeholders' demands (e.g., Townley, 2002; Glynn and Lounsbury, 2005; Kodeih and Greenwood, 2014). Studies can also explore how structured flexibility applies in larger and older hybrids. As organizational size and complexity increase, practices become formalized, making ongoing shifts more difficult due to multiple sources of inertia (Hannan and Freeman, 1984; Tripsas and Gavetti, 2000; Gilbert, 2005). In addition, efforts to alter the cognitive frames held by entrenched leaders may generate resistance and conflict (Kaplan, Murray, and Henderson, 2003; Kaplan, 2008), making it harder for established hybrids with long-tenured leaders to adopt paradoxical frames. How such organizations can develop a more flexible approach to meanings and practices is a critical question for future research. Similarly, studies can explore how structured flexibility applies to organizations operating in established rather than nascent fields, in which it may be harder for leaders to influence and enlist stakeholders to serve as guardrails.

In our rapidly changing global economy, organizations increasingly pursue competing goals and face multiple internal and external tensions, with the potential to address some of the world's greatest challenges. We hope our model of structured flexibility inspires future work to continue exploring how organizations can thrive in the context of such multiplicity.

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## Supplemental Material

Supplemental material for this article can be found in the Online Appendix at <http://journals.sagepub.com/doi/suppl/10.1177/0001839217750826>.

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