

# THE DEHYBRIDIZATION OF SOCIAL ENTERPRISES



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# **THE DEHYBRIDIZATION OF SOCIAL ENTERPRISES**

**GREEN TEMPLETON COLLEGE**

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## **ABSTRACT**

In the world of hybrid organizations, an important and under-examined phenomenon is the process of transforming from a hybrid structure to an organizational form with fewer logics. This research introduces the concept of *dehybridization*, which I define as a process through which an organization transforms in a way that integrates fewer institutional logics than previously. To examine the phenomenon of dehybridization in the context of social enterprises, I draw on the hybridity and hybrid organizations literatures. These literatures are integral in gaining a conceptual understanding of the challenges of hybrids and their transformations. Building upon this theory, I propose a conceptual framework that describes how dehybridization occurs in hybrid organizations and empirically study this phenomenon in a three-paper dissertation. The first paper introduces and defines the concept of dehybridization and illustrates the potential process for hybrid organizations. The second paper draws on a dataset of 33,350 Community Interest Companies in the United Kingdom from 2006-2020 to examine the relationship between organizational governance and dehybridization. The third paper draws on the same dataset and examines how three exogenous shocks (2007-2008 Financial Crisis, Brexit Vote, and Covid-19 Lockdown) affected the management of hybrid tensions in social enterprises.

# **THE DEHYBRIDIZATION OF SOCIAL ENTERPRISES**

## **INTRODUCTION**

In the world of hybrid organizations, an important phenomenon is the managing of tensions and the organizational transformation from more to less hybrid logics, forms and identities and how it occurs. This research investigates this transformation and conceptualizes it as the process of dehybridization, defined as an organizational transformation integrating fewer logics than previously. Hybrid organizations combine “the institutional logics that are materialized in two or more organizational forms”(Haveman & Rao, 2006; Santos & Eisenhardt, 2005). The process of hybridization within organizations can be summarized as the mixing of core organizational elements such as identities, forms, and logics that would conventionally not go together but that contribute to defining organizational goals and shaping forms of authority (Battilana, Besharov, & Mitzinneck, 2017). Hybrid organizations are commonly regarded as entities in which tensions thrive, with many scholars focusing on creative solutions to manage these tensions in order for organizations to sustain their hybridity. Many organizations experience difficulties managing their hybrid tensions, with theory providing two main options: continue managing tensions or dissolving (Battilana & Lee, 2014). Prior studies have restricted their examination of hybrid organizations to internal pressures and external tensions of hybridization, which this argues is only one view of understanding organizational hybridity. To fully appreciate the contradictory relationships of hybrid organizations, one must broaden the scope to include the process of dehybridization. Understanding dehybridization is important because the process is transformative for hybrid organizations, the people involved, and the communities.

In order to examine the process of dehybridization of hybrid organizations, this research grounds its theorizing in existing studies of organizational hybridity and

governance to explain the transformational conceptual model of dehybridization in a hybrid organization. Following Battilana, Besharov & Mitziniec (2017), hybrids can be defined based on any of these three key characteristics: (1) they incorporate multiple institutional logics, (2) they combine multiple forms, or (3) they span multiple identities. Institutional logics are systems of cultural elements (values, beliefs, assumptions, and rules) by which people, groups, and organizations make sense of and evaluate their everyday activities and organize those activities in time and space (Friedland, 1991; Thornton & Ocasio, 2008; Thornton, Ocasio, & Lounsbury, 2012). Hybrid organizations integrate multiple institutional logics, with those distinct logics imposing different and potentially conflicting demands on organizations (Battilana & Dorado, 2010; Besharov & Smith, 2014; Haveman & Rao, 2006).

The term ‘hybrid’ has been used to refer to combinations of different forms of organizing. Organizational forms are “structures and practices that allow the co-existence of values and artifacts from two or more categories” (Doherty, Haugh, & Lyon, 2014). Hybrids combine multiple organizational forms, value systems and can contribute to the emergence of novel organizational forms (Haveman & Rao, 2006); Battilana & Lee, 2014). In transaction cost economics, scholars have long conceptualized hybrids as an intermediate form of economic organization combining market and hierarchical forms of governance (Oliver E. Williamson, 1981). This perspective tends to treat hybrid forms as relatively stable in the sense that as long as enabling conditions are met, hybrid forms are likely to emerge and survive (Battilana et al., 2017). Some organizational theorists also conceptualize hybridity in terms of particular governance, ownership and control relations (Denis, Ferlie, & Van Gestel, 2015). Unlike transaction cost economists, however, these scholars treat the hybrid form as a distinct rather than as an intermediary between markets and hierarchies (Podolny & Page, 1998; Powell, 1990). Two other form-

based perspectives on hybrids are evident within organizational theory – categories and organizational archetypes – and both tend toward a more interpretivist stance. Instead of defining hybridity as the combination of distinct forms of governance, ownership and control, these perspectives understand hybrid organizations as those that combine elements from two or more socially constructed categories or archetypes (Battilana et al., 2017; Besharov & Mitzinneck, 2020). Hybrid organizations operate in multiple fields and draw on at least two different logics (Jay, 2013; Pache & Santos, 2013; Smith, Gonin, & Besharov, 2013). These fields can be vastly different and, therefore, could require the hybrid organization to adhere to varying standards, creating additional stress on the organization.

In order to examine the process of dehybridization of hybrid organizations, this research also incorporates the literature on organizational governance and the role of governing boards, in particular, in the process of dehybridization in social enterprises. Hybrid organizations face unique governance challenges in handling the trade-offs between their potentially divergent stakeholder interests (Ebrahim et al., 2014; Daily et al., 2003; Dalton & Rajagopalan, 2003; Eisenhardt, 1989). In the process of dehybridization, where there is a shedding of logics, the handling of divergent stakeholders is magnified and becomes the responsibility of the organizations' governing board. This is a context in which there are multiple principal stakeholders (Freeman, Carroll, & Hannan, 1983) with different objectives, some of which can enforce their interests and others who cannot. In order to hold managers accountable in such settings and to avoid mission drift, a key task of the governing body is the proper alignment and prioritization of diverse and sometimes conflicting interests (Ebrahim et al., 2014). Recent research suggests that boards, in particular, are likely to play a key role in managing the multiple identities of hybrid organizations, therefore it would be crucial to

understand how boards play a key role in the process of dehybridization (Battilana & Lee, 2014; Doherty et al., 2014).

To further the understanding of both the hybridity and organizational governance literature on the dehybridization of hybrids, this research proposes a three-paper dissertation. The three papers work in unison to first conceptualize the notion of dehybridization and then empirically study this concept through Community Interest Companies in the United Kingdom. The first paper, titled “the relationship between hybrid tensions and dehybridization of social enterprises,” provides a conceptual understanding of the process and definition of dehybridization. To gain a better understanding of the organizational transformations of hybrid organizations, the theoretical paper illustrates the concept of dehybridization through a conceptual framework and definition with an emphasis on identifying the organizational transformations and outcomes. Taken together, the resulting conceptual model addresses the aforementioned theoretical tension and offers novel insight into the relationship between organizational actions and logics.

The second paper, “The role of governance in the dehybridization of social enterprises,” aims to empirically explore the concept of dehybridization from the conceptual paper. To study the role of governance boards within the process of dehybridization, this empirical paper draws on a longitudinal dataset of Community Interest Companies within the United Kingdom. Community Interest Companies are organizations established to trade for the good of the community rather than to make a profit for the owners and was created as a response to the growing need for a formalized social enterprise structure in the United Kingdom. The two main features of a Community Interest Company are: (1) the asset lock and (2) the Community Interest Statement and Report (Nicholls, 2008). The assets and profits must be permanently retained within the

Community Interest Company and used solely for community benefit or transferred to another organization that itself has an asset lock (Yunus et al., 2010). Community Interest Companies are ideal research contexts for social enterprises as they have clear legal and financial boundaries, which allows easier comparisons. The dataset used for this study is exhaustive and provides the entire population of 33,350 Community Interest Companies from 2006-2020 and includes over 112,140 company directors. This dataset provides the foundation for understanding how governing board heterogeneity and size contribute to the dehybridization process of a social enterprise. This research proposes that hybrid organizations exhibiting different levels of integration between their social and commercial activities may require different types of board composition to transition through the dehybridization process (Battilana & Lee, 2014). A study of this magnitude has not been done before in social enterprises nor when looking at non-listed boards.

The third paper, titled “How exogenous shocks affect the management of hybrid tensions in social enterprises,” studies the transformative implications of the 2007-2008 Financial Crisis, the Brexit Vote, and the Covid-19 Lockdown within Community Interest Companies in the United Kingdom. Exogenous shocks stress all organizations, but the effects on social enterprises may be especially profound due to the potentially fragile business models associated with social enterprises. Social enterprises face distinctive organizing challenges associated with the trade-offs between their potentially divergent stakeholder interests (Daily et al., 2003; Ebrahim et al., 2014; Santos & Eisenhardt, 2005). One way in which social enterprises may respond to hybrid tensions caused by exogenous shocks is through organizational transformations. To explore how social enterprises respond to exogenous shocks, this paper uses quasi-experimentation of a longitudinal dataset of 39,634 Community Interest Companies in the United Kingdom from 2005 to 2021. Community Interest Companies are a type of social enterprise

established to trade for the good of the community rather than to make a profit for the owners. In brief, this paper shows that Community Interest Companies are more likely to respond to exogenous shocks through organizational transformations of dehybridization, pivoting, or dissolving following an exogenous shock than prior to the shock. This paper also supports the hypothesis that dehybridized companies have a significantly higher turnover, net tangible assets and/or profits during the three exogenous shocks in comparison to companies that pivoted, dissolved or had no transformations. Finally, this study provides evidence that companies which dehybridized or pivoted prior to an exogenous shock significantly performed better financially than companies which dissolved or did not transform.

The context which underpins this research is social enterprise with current organizational scholarship referencing them as ideal contexts for understanding the challenges of managing tensions. Social enterprises share the following characteristics: (1) social purpose – created to generate social impact and change by solving a social problem; (2) enterprise approach – uses business vehicles, innovation, competitiveness and market approaches of a for-profit business; (3) social ownership – with a focus on public good and stewardship (Mair & Martí, 2006). Social enterprises attempt to combine the best of both worlds: create value for society in areas where markets and governments are failing and developing financially sustainable operations that leverage commercial contracts and enable reaching scale. They straddle the well-established categories of business and charity and are thus hybrid organizations, combining aspects of multiple organizational forms (Battilana & Lee, 2014; Battilana, Sngul, Pache, & Model, 2015; Colyvas & Powell, 2007; Haveman & Rao, 2006). Numerous scholars call for further understanding of the tensions that hybrids experience and how they lead to transformations, suggesting it an important and relevant challenge to hybrid organizations

and inherent to a broad range of organizations that seek to combine multiple objectives (Battilana & Lee, 2014). To expand the scope of hybrid transformations, this thesis introduces the concept of dehybridization as a complementary theory to the existing knowledge on organizational hybridity and hybridizing.

This dissertation has the potential for the advancement of the organizational theory literature by offering new solutions for managing tensions and providing a dehybridization model that guides complex hybrid organizations to innovative outcomes, illustrating adaptive strategies to address the challenges these organizations face in an increasingly uncertain world. Dehybridization is theorized in foundational discussions of institutional logics, organizational identities, and organizational forms, which have previously reached largely convergent insights, despite having evolved in separate literatures. Although they operate at different levels of analysis, these constructs are related. Logics, defined at a societal level, provide the cultural materials through which organizational forms are constructed and reproduced in a given sector (Greenwood & Hinings, 1993). Once these forms are widely adopted by organizations in a field of activity, they gain social legitimacy and become institutionalized, and once institutionalized, forms, in turn, provide the “cultural materials that organizational members assemble” to formulate “essential identity elements” (Glynn & Raffaelli, 2013). Each organization’s identity may be unique as they may assemble these cultural materials differently, but their identity is at least partially expressed through symbols that derive their meaning from existing forms (Battilana & Lee, 2014; DeJordy, Almond, Nielsen, & Douglas Creed, 2014; Glynn, 2000). This co-occurrence is reflected in the process of dehybridization, which considers the interrelationships among logics, forms, and identities in hybrid organizations.

# **PAPER 1 – THE RELATIONSHIP BETWEEN HYBRID TENSIONS AND DEHYBRIDIZATION OF SOCIAL ENTERPRISES**

## **ABSTRACT**

In the world of social enterprises, an important and under-examined phenomenon is the process of transforming from a hybrid structure to an organizational form with fewer logics. In this paper, I introduce the concept of *dehybridization*, which I define as a process through which an organization transforms in a way that sheds institutional logics. To examine the phenomenon of dehybridization in the context of social enterprises, I draw on the hybrid organizations and organizational adaptation literature. Existing management theory more broadly offers initial insight into understanding hybrid transformations. On the one hand, prior studies have argued that inconsistent or divergent action can lead to weakened stakeholder commitment and reputational damage. On the other hand, scholars have suggested that because environments are complex and dynamic, such action is necessary for ensuring organizational adaptation and thus survival. This paper offers a theory of organizational transformation through dehybridization that specifies how organizations might respond to hybrid tensions and organizational transformations. The resulting conceptual model addresses the theoretical tension and offers novel insight into the relationship between organizational actions and logics.

## INTRODUCTION

In the world of social enterprises, an important phenomenon is managing tensions and organizational transformations. Hybrid organizations combine institutional logics that are materialized with two or more organizational forms (Haveman & Rao, 2006; Santos & Eisenhardt, 2005; Wry & Lounsbury, 2013). Hybrid organizations are commonly regarded as these tensions (Battilana & Dorado, 2010; Battilana, Lee, Walker, & Dorsey, 2012; Battilana, Sngul, et al., 2015; Pache & Santos, 2013), and ignoring the ebb and flow of hybridity. Many organizations experience difficulties managing their hybrid tensions, with theory providing two options: finding new ways to manage tensions or failing (Battilana & Lee, 2014). Prior studies (Battilana & Dorado, 2010; Battilana, Sngul, et al., 2015; Pache & Santos, 2010, 2013) have restricted their examination of hybrid organizations to internal pressures and external tensions of hybridization, which this paper argues is only one view of understanding organizational hybridity. To fully appreciate the contradictory relationships of hybrid organizations, one must broaden the scope to include the process of dehybridization. This paper grounds its theorizing in existing studies of organizational hybridity to explain the transformational process of dehybridization in social enterprises. Understanding dehybridization is important because the process is transformative for social enterprises, the people involved, and the communities.

This paper introduces the concept of dehybridization to build upon and explain the phenomenon of organizational transformations in social enterprises. This paper defines dehybridization as the process of an organization going through a transformation of shedding institutional logics. To begin understanding the concept of dehybridization, one must first appreciate the process of hybridization. Organizational scholarship posits that hybridization can be summarized as the blending, co-existing and creating of logics,

identities, forms, and procedures (Battilana & Lee, 2014; Battilana et al., 2012; Battilana, Sngul, et al., 2015; McMullen, 2018). Scholars have largely focused on understanding how hybrid organizations hybridize or manage their hybridity (Battilana, Sngul, et al., 2015; Pache & Santos, 2010, 2013; Reay & Hinings, 2009; Santos, Pache, & Birkholz, 2015; Smith et al., 2013), and have overlooked the inverse transformational process of dehybridization. Understanding dehybridization is important because it encompasses both internal and external tensions and illustrates two possible organizational transformations. The dehybridization process has lasting consequences on hybrids as they transform into different organizational forms. To better understand the organizational transformations of dehybridization, this paper illustrates the concept through a conceptual model, emphasizing the tensions and transformations of hybrids. Taken together, the resulting conceptual model addresses the aforementioned theoretical tension and offers novel insight into the relationship between organizational actions and logics.

To explore dehybridization, I utilize social enterprises as a context. Social enterprises are business ventures created for social purposes that combine mitigating a social problem while operating with a for-profit organization's financial discipline, innovation, and competitiveness (Nicholls, 2008; Yunus, Moingeon, & Lehmann-Ortega, 2010). Organizational scholarship references social enterprises as ideal contexts for understanding the challenges of managing tensions. In particular, those tensions are caused by mission drift, which is “front and center as an emerging strategic challenge” (Grimes, Williams, & Zhao, 2019). This paper explores the idea that dehybridization can be considered another transformative process for hybrid organizations. Numerous scholars call for further understanding of the tensions that hybrids experience and how they lead to transformations, suggesting it an important and relevant challenge to hybrid organizations and inherent to a broad range of organizations that seek to combine

multiple objectives (Battilana & Lee, 2014). To expand the scope of inquiry of hybrid transformations, the concept of dehybridization provides an interesting divergence from the existing theoretical groundwork.

This paper is structured into four main sections. It begins with the theoretical foundations of hybrid organizations and the process of hybridization. It is then followed by a review of organizational research on social enterprises and their contextual use as ideal-types of hybrid organizations. Building on the review of hybrid literature, the concept of dehybridization is introduced and illustrated with a conceptual model. This conceptual paper ends with a discussion on how dehybridization shifts our understanding of organization theory, the practical implications of dehybridization and strategies that hybrid organizations can employ. This paper advances organizational theory literature by proposing the other side of the organizational hybridity coin; dehybridization. The dehybridization definition and model guides hybrid organizations through the ebb and flow of hybridity and illustrates adaptive strategies to address the challenges these organizations face in an increasingly uncertain world.

## **THEORETICAL FOUNDATIONS**

In this section, I begin by examining existing literature on hybrid organizations, including strategies for managing hybridity and the process of dehybridization. I also incorporate the literature on organizational adaptation to bridge the gap between hybrid tensions and the organizational transformations that occur within dehybridization. This literature is the foundation for the concept of dehybridization, and social enterprises are a useful context to illustrate the process. The definition of dehybridization proposed in this section shall guide the rest of the paper.

### **Hybrid Organizations**

The literature defines hybrid organizations based on any of these three key characteristics: (1) they incorporate multiple institutional logics, (2) they combine

multiple forms, or (3) they span multiple identities (Battilana et al., 2017). Institutional logics are systems of cultural elements (values, beliefs, assumptions, and rules) by which people, groups, and organizations make sense of and evaluate their everyday activities and organize those activities in time and space (Friedland, 1991; Thornton & Ocasio, 2008; Thornton et al., 2012). Hybrid organizations integrate multiple institutional logics, with those distinct logics imposing different and potentially conflicting demands on organizations (Battilana & Dorado, 2010; Besharov & Smith, 2014; Haveman & Rao, 2006). Organizational forms are “structures and practices that allow the co-existence of values and artifacts from two or more categories” (Doherty et al., 2014). Hybrids combine multiple organizational forms, value systems and can contribute to the emergence of novel organizational forms (Battilana & Lee, 2014; Haveman & Rao, 2006). Hybrid organizations operate in multiple domains and draw on at least two different sectoral paradigms (Jay, 2013; Pache & Santos, 2013; Smith et al., 2013). These domains can be vastly different and, therefore, could require the hybrid organization to adhere to varying standards, creating additional stresses on the organization.

The term ‘hybrid’ has been used to refer to combinations of different forms of organizing. Organizational forms are “structures and practices that allow the co-existence of values and artifacts from two or more categories” (Doherty et al., 2014). Hybrids combine multiple organizational forms, value systems and can contribute to the emergence of novel organizational forms (Battilana & Lee, 2014; Haveman & Rao, 2006). In transaction cost economics, scholars have long conceptualized hybrids as an intermediate form of an economic organization combining market and hierarchical forms of governance (Oliver E. Williamson, 1981). This perspective tends to treat hybrid forms as relatively stable, in the sense that as long as enabling conditions are met, hybrid forms are likely to emerge and survive (Battilana et al., 2017). Some organizational theorists

also conceptualize hybridity in terms of particular governance, ownership and control relations (Denis et al., 2015). Unlike transaction cost economists, however, these scholars treat the hybrid form as a distinct rather than an intermediary between markets and hierarchies (Podolny & Page, 1998; Powell, 1990). Two other form-based perspectives on hybrids are evident within organizational theory – categories and organizational archetypes – and both tend toward a more interpretivist stance. Instead of defining hybridity as the combination of distinct forms of governance, ownership and control, these perspectives understand hybrid organizations as those that combine elements from two or more socially constructed categories or archetypes (Battilana et al., 2017; Besharov & Mitzinneck, 2020). Hybrid organizations operate in multiple fields and draw on at least two different logics (Jay, 2013; Pache & Santos, 2013; Smith et al., 2013). These fields can be vastly different and, therefore, could require the hybrid organization to adhere to varying standards, creating additional stresses on the organization.

Hybrid organizations face several challenges that originate from incorporating elements from differing institutional logics, forms and identities (Battilana & Dorado, 2010; Kraatz & Block, 2008; Tracey, Phillips, & Jarvis, 2011). An important hurdle that hybrid organizations face is the contradictory pressures of their missions. These pressures can stem from organizational logics, forms or identities being incompatible and creating tensions within the organization (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Pache & Santos, 2013). As the degree of incompatibility between logics increases, hybrid organizations face heightened challenges (Besharov & Smith, 2014). Multiple logics present varied and often incompatible prescriptions, leading to uncertainty and contestation in areas such as organizational identity, structure, strategy, and individual action (Greenwood et al., 2011; Kraatz & Block, 2008; Pache & Santos, 2010; Thornton et al., 2012). They may need to incorporate antagonistic practices that may not

effortlessly work together (Tracey et al., 2011). Hybrid organizations may also jeopardize their legitimacy to important institutional referents, as adopting elements prescribed by a given logic may require defying the demands of others. Finally, hybrids incorporating irreconcilable logics often see coalitions representing these logics emerge inside themselves (Dees, 2007; Pache & Santos, 2010).



*Figure 1: Continuum of Organizational Hybridity*

### **The Process of Hybridization**

The process of hybridization, generally illustrated in figure 1, describes the “activities, structures, processes, and meanings by which organizations make sense of and combine multiple organizational forms” (Battilana & Lee, 2014), and occurs in four main ways: (1) segregating then blending; (2) aggregation of multiple logics or identities; (3) co-existence, and (4) creation of new elements. An important dynamic in hybridization involves segregating then blending processes, which often operate simultaneously to shape organizations and the institutions they embody through internal tensions (Haveman & Rao, 2006). Combining forms is central to many theoretical notions of hybridization and can be seen as an aggregation of multiple logics or identities (Pache & Santos, 2010; Pratt & Foreman, 2000). Co-existence is the process by which multiple logics and forms are present during hybridization (Kraatz & Block, 2008; Tracey et al., 2011). The final process involves creating new elements, including the core organizational activities, workforce composition, organizational design and organizational culture. (Battilana & Lee, 2014; Oliver, 1991; O’Reilly & Tushman, 2002; Pache & Santos, 2010).

An example of hybridization can be found within the education sector with the creation of business schools (Meyer & Rowan, 2006). Up until the 1950s, many universities and institutions of higher education had economics and social science departments, but not business schools (Chandler, 1993; Taylor, 1912; Weber, 1978). Business was considered either a sub-category of economics or engineering, or a practical taught degree at local trades schools or colleges (Carnegie, 2001; Cruikshank, 1987; McCrea, 1926). After a greater need for more practical skills for undergraduates, and more managerial experience for higher-level managers opting to do MBA or executive education, many educational institutions either created or merged with already existing business schools to bring an additional revenue stream (Khurana, 2010; Mears, 1923; Reuben, 1996). The implementation of business schools within the education industry provides an example of hybridization where the logics of education and profit are incorporated, as prior universities focused mainly on grants and public funding but became more self-sufficient when developing MBA programs and integrating profit-making initiatives (Dunn & Jones, 2010; Sass, 1982).

The process of hybridization is fraught with many challenges, with the most prevalent challenge being managing hybridity. The three most common ways of managing hybridity are: (1) segregating; (2) combining, or (3) creating new elements (Kraatz & Block, 2008; Oliver, 1991; Pache & Santos, 2010; Pratt & Foreman, 2000). By segregating, the new hybrid must develop strategies to keep the two logics or forms from each other, thereby having two different organizational identities and sometimes forms. Studies suggest that hybrid organizations may reconcile competing logics by enacting a combination of activities drawn from each logic in an attempt to secure an endorsement from a wide range of field-level actors (Greenwood et al., 2011). The third way of managing hybridity is by creating completely new elements that have different logics,

identities, and or forms than any of the previous organizations separately (Battilana & Lee, 2014; Dalpiaz, Rindova, & Ravasi, 2016; Ebrahim et al., 2014; Murray, 2010; Sabeti, 2011). Hybridization is full of complexities and understanding what internal practices are necessary for keeping the organization focused on multiple logics (Battilana, Gilmartin, Sengul, Pache, & Alexander, 2010). Because of how hybridization is structured, by either segregating, combining, or creating new elements, these changes can create numerous problems for the transforming organization.

### **Social Enterprises as Hybrid Organizations**

Social enterprises share both business and charity features, and neither can be dismissed without a fundamental change to the form (Hirsch & Bajpai, 2018). Their sustainability as hybrids depends on advancing both their social mission and commercial performance (Battilana et al., 2012; Mair, Battilana, & Cardenas, 2012; Nicholls, 2008). On the continuum of organizations that combine aspects of business and charity, social enterprises thus combine these forms to an extreme degree. For this reason, many scholars utilize social enterprises as contexts through which to observe the mechanisms that organizations use to make sense of and combine multiple organizational logics (Galaskiewicz & Barringer, 2012). Social enterprises warrant attention both because they are on the rise in multiple industries and countries and because they constitute an ideal setting to explore dehybridization (Battilana & Lee, 2014). In examining how social enterprises create and sustain combinations of business and charity, research on social enterprises provides a lens into a more general theoretical question of how organizations transform through the process of dehybridization.

Social enterprises share the following characteristics: (1) social purpose – created to generate social impact and change by solving a social problem; (2) enterprise approach – uses business vehicles, innovation, competitiveness and market approaches of a for-profit business; (3) social ownership – with a focus on public good and stewardship (Mair

& Martí, 2006). Social enterprises attempt to combine the best of both worlds: create value for society in areas where markets and governments are failing and developing financially sustainable operations that leverage commercial contracts and enable reaching scale. They straddle the well-established categories of business and charity and are thus hybrid organizations, combining aspects of multiple organizational forms (Battilana & Lee, 2014; Battilana, Sngul, et al., 2015; Colyvas & Powell, 2007; Haveman & Rao, 2006).

Prior to the recent popularity of social enterprise among scholars and the public, organizations in several sectors at the interface of business and charity combined both elements. Organizational research has studied social enterprises in sectors such as education (Meyer & Rowan, 2006), healthcare (Kimberly & Evanisko, 1981; Ruef & Scott, 1998), and the arts (DiMaggio, 1991). Since the 1980s, social enterprises have spread into new areas, including financial intermediation, retailing, consumer products, apparel, food processing and software development, as well as microfinance organizations, sustainable food producers, and work integration social enterprises (WISEs) are well-studied examples (Battilana & Dorado, 2010; Battilana & Lee, 2014; Dees, 2007; Haigh & Hoffman, 2012; Mair et al., 2012).

Although social enterprises are viewed as promising vehicles for the creation of both social and commercial values (Sabeti, 2011), they are often at risk of losing sight of their social missions in their efforts to generate revenue, a risk referred to as mission drift (Fowler, 2000; Jones, 2007; Weisbrod, 2004). This concern echoes a long tradition of scholarship in organization studies that highlighted the risk for organizations and their workforces of losing sight of their purpose and values in the quest for organizational survival and efficiency (Selznick, 2015; Weber, 1978). Social enterprises are “fragile organizations that must walk a fine line between achieving a social mission and living up

to the requirements of the market” (Santos et al., 2015). Social enterprises have an additional burden of closely aligning profit and impact to ensure their long-term sustainability and survival. (Bornstein & Davis, 2010; Santos et al., 2015) Some organizational theorists believe that the blending of social and commercial logics is not a stable organizational form. Therefore, transforming the social enterprise into one that is purely charitable or for-profit is integral to the survival of at least one mission. These theorists predict that social enterprises should experience unique external and internal tensions due to the unusual position of creating both social and economic value (Greenwood et al., 2011; Kraatz & Block, 2008; Kroeger & Weber, 2015). Tensions between the business and charity logics manifest both externally, in managing relations with diverse stakeholders, and internally, in managing organizational identity, resource allocation and decision-making (Battilana & Lee, 2014; Battilana, Sngul, et al., 2015; Pache & Santos, 2010).

Current research suggests that managing tensions and continuing as a hybrid is the most appealing organizational form, however organizational transformations are necessary for the highly adaptive business environment. In the context of social enterprises, this paper defines dehybridization as a process that occurs either through: (1) the organization shifting to focus only on its social or profit missions; or (2) the organization strategically deciding to shed institutional logics.

### **CONCEPTUALIZING DEHYBRIDIZATION**

In this section, I build on existing knowledge of hybrid organization research to develop the concept of dehybridization. Literatures on organizational identity, organizational forms and institutional logics have all made theoretical contributions regarding the hybridization of multiple, contrasting elements. These literatures offer complementary insights into the ways that organizations experience dehybridization. This

section begins with the definition of dehybridization that builds on the prior work of the different streams of literature.

### **Defining Dehybridization**

Developing from hybrid literature, I define dehybridization as a transformative process through which a hybrid organization integrates fewer logics than previously. Dehybridization incorporates a process of: (1) shedding institutional logics; (2) separating multiple forms; or (3) splitting multiple identities. (Friedland, 1991; Thornton et al., 2012). One or more of these features should be involved for dehybridization to occur within an organization.

### ***Dehybridization as the shedding of multiple logics***

One characteristic of dehybridization is the dissolution of one of the institutional logics within the organization. Institutional logics are ‘socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality’ (Friedland, 1991; Ocasio & Thornton, 1999: 804; Thornton et al., 2012). For the definition of dehybridization, institutional logics provide a ‘set of assumptions and values, usually implicit, about how to interpret organizational reality, what constitutes appropriate behaviour, and how to succeed (Ocasio & Thornton, 1999: 804). In dehybridization, the shedding of multiple logics can either mean that one logic remains, such as in a social enterprise if it were to lose either its social or profit logic, the other would solely remain, or there are fewer logics such as in a university if the research logic were to dissolve there would still be a teaching logic and profit logic, among other possibilities (Khurana, 2010; Smith et al., 2013). The extent to which logics co-exist within an organization before dehybridization is likely to differ based on the extent to which these logics are core to the organization and the extent to which they provide compatible prescriptions for action (Besharov & Smith, 2014). Organizations that

enact multiple logics at their core typically contend with these logics' different and potentially conflicting demands. Past empirical research has documented organizational challenges that arise from dealing with such patterns of incompatibilities between multiple logics, typically referred to as institutional complexity (Greenwood et al., 2011; Tracey et al., 2011; Zilber, 2013). One stream of research characterizes organizations where institutional logics are defined as taken-for-granted beliefs and practices that guide actors' behaviour in fields of activity (Friedland, 1991; Thornton et al., 2012). Research has shown that multiple logics may co-exist in the same field; however, a single logic may dominate a given field of activity, thus influencing organizations in that field (Reay & Hinings, 2009; Seo, Creed, & Sloan, 2002; Thornton & Ocasio, 2008). The dissolution of one of these multiple logics can aid in the institutional complexity these organizations face and allow hybrids to focus on demands which aren't conflicting.

Hybrids are organizations that combine the values and practices associated with multiple distinct field- or societal-level logics (Battilana et al., 2017; Battilana & Dorado, 2010; Jay, 2013; Pache & Santos, 2013; Smets, Jarzabkowski, Burke, & Spee, 2015). An empirical example of the shedding of institutional logics in dehybridization can be found in educational organizations. The societal values, beliefs and rules of educational organization which have research logics, teaching logics, and commercial logics can dehybridize through the shedding of one of the logics. In the case of educational organization this could be exemplified by the shedding of the research logic, thereby leaving the organization with a teaching and commercial logic.

### ***Dehybridization as the separating of multiple forms***

A second characteristic conceptualizes hybrids as the combination of established organizational forms, with each form consisting of a particular cluster of shared features amongst organizations that enact that form (Freeman et al., 1983). This thesis uses the

categories perspective on hybrids which is rooted in population ecology and conceptualizes hybrids as organizations that combine features associated with multiple social categories of organizational forms (Hannan, Pólos, & Carroll, 2007; Minkoff, 2002; Ruef & Patterson, 2009; Ruef & Scott, 1998). Forms become institutionalized over time as they acquire legitimacy that accrues to established forms and facilitates access to unique resource niches. Established forms also benefit from regulations that reward each form's specific qualities. Each of these forces operates as a 'segregating process' (Freeman et al., 1983), creating an environment in which organizations that closely follow well-established forms have the greatest likelihood of survival (Aldrich, 2009). Hybrids can be overcome by segregating mechanisms that lead organizations to separate from multiple forms, and these processes may include planned, deliberate combinations oriented toward the pursuit of new opportunities or unintentional combinations occurring by accident or due to unanticipated external change (Freeman et al., 1983; Haveman & Rao, 2006).

Examples of hybrids with two or more distinct forms of organization can be found in literature looking at healthcare (Ruef, 2000), movie production (Hsu, Negro, & Perretti, 2008), and carbon technology start-ups (Wry & Lounsbury, 2013). The separation of multiple forms can be understood using the Wry et al. (2013) example of nanotechnology start-ups which integrate features of two distinct categories: science and technology. The category of technology start-ups is associated with expectations surrounding applied research, executives with expertise in technology commercialization and commercially oriented collaborations. Hybrids mix features from both categories such as having a commercial top management team but working on scientific research. In the case of dehybridization of forms, this example would separate technology and science as two distinct categories in two separate forms.

### *Dehybridization as the splitting of multiple identities*

The final characteristic of dehybridization is the process where two or more identities no longer co-exist within the organization (Battilana & Dorado, 2010; DeJordy et al., 2014). Organizational identity refers to the central, enduring and distinctive features that define an organization's understanding of “who we are” and “what we do” (Albert, Ashforth, & Dutton, 2000; Battilana et al., 2017). This thesis takes the perspective that hybrids possess multiple identities that would not normally be expected to go together (Battilana et al., 2017). Organizations that separate multiple identities, where identities are defined as central, distinctive, and enduring features of an organization (Albert et al., 2000). The consequence of separating multiple identities may differ significantly depending on the number of distinctive identities an organization has previously combined, as well as the extent to which these identities are synergistic (Pratt & Foreman, 2000). Some hybrids have one or more of their identities become fully dispensable and easily dehybridize (Albert et al., 2000). The level of synergy and distinction between organizational identities are part of the ongoing theoretical debates as to whether multiple identities co-occurring in the same organization must be viewed as both being core, or one core and the rest peripheral (Corley & Gioia, 2011). There are numerous intra-organizational consequences of hybrid identities, and research has studied how the presence of multiple identities shapes organization members’ experiences and enactments of organizations (Glynn, 2000; Pratt & Foreman, 2000). Dehybridization would be considered a much easier process if multiple identities were carried by subgroups within the organization but not shared across the whole organization (Albert et al., 2000). Depending on the configuration of identities, inconsistencies between multiple identities may need negotiating within individuals or between individuals (Glynn, 2000; Pratt & Foreman, 2000; Pratt, Rockmann, & Kaufmann, 2006).

An example of multiple identities includes research universities, symphony orchestras, cooperatives, and healthcare organizations that all combine normative identities that emphasize cultural or ideological principles with utilitarian identities stressing economic principles (Battilana et al., 2017). Glynn (2000) describes identity conflict between musicians and administrators in the Atlanta Symphony Orchestra. In a hybrid organization both musicians and administrators would perceive the identity of the orchestra to be the same—a performance entity. However, in the case of the Atlanta Symphony Orchestra, there was a splitting of identities with the musicians viewing the organization as an artistic entity and the administrators treating it as an economic entity.

Overall, discussions of dehybridization in terms of institutional logics, organizational identities, and organizational forms have reached largely convergent insights, despite having evolved in separate literatures. Although they operate at different levels of analysis, these constructs are related. Logics, defined at a societal level, provide the cultural materials through which organizational forms are constructed and reproduced in a given sector (Greenwood & Hinings, 1993). Once organizations widely adopt these forms in a field of activity, they gain social legitimacy and become institutionalized, and once institutionalized, forms, in turn, provide the “cultural materials that organizational members assemble” to formulate “essential identity elements” (Glynn & Raffaelli, 2013). Each organization’s identity may be unique as they may assemble these cultural materials differently, but their identity is at least partially expressed through symbols that derive their meaning from existing forms (Battilana & Lee, 2014; DeJordy et al., 2014; Glynn, 2000). This co-occurrence is reflected in the process of dehybridization, which considers the interrelationships among logics, forms, and identities in hybrid organizations.

## **How Dehybridization Differs from Organizational Specialization**

The previous chapter encompasses the definition and components of dehybridization; however, it is also important to define what dehybridization is not. A typical comparison to dehybridization would be organizational transformations such as specialization. The literature reflects specialization as an innovative strategy in the sphere of exploitation or exploration. Thus, specialization describes the specific combination consisting of the use of either exploitation or exploration to the exclusion of the other (Ferrary, 2011; Solís-Molina, Hernández-Espallardo, & Rodríguez-Orejuela, 2018). While dehybridization does include a similar transformative response to organizations such as specialization, the core concepts are not at all similar. Organizational specialization revolves around the theories of exploration and exploitation strategies which look at market segments or products and services that organizations can explore and exploit to assume competitive advantage (Levinthal, 2012; March, 1991). An example of specialization would be a pharmaceutical company's research department exploration to find new drug compounds or exploitation of current drug technologies but not both. In this example, it could create value for the company now by saving exploration resources, and exploiting already defined technology, but not have much long-term value. In either case, neither of these strategies describes the phenomena of separation or shedding of core identities, logics, or forms of the pharmaceutical organization. The core identity of the pharmaceutical company remains the same, they are just using different strategies to gain competitive market advantage. The institutional logics have not been shed, as the pharmaceutical is meant to research and sell the products of the research, neither which have changed with specialization. Finally, the organizational form has not changed as their categories are still research and commercialization.

# A MODEL OF HYBRID TENSIONS AND DEHYBRIDIZATION IN SOCIAL ENTERPRISES

## Conceptual Model of Dehybridization

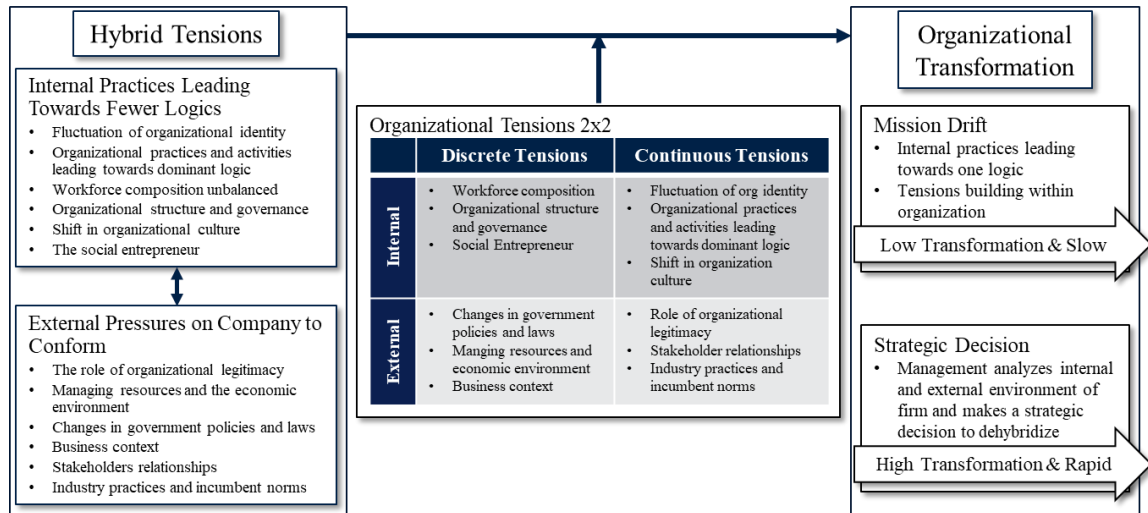


Figure 2: Conceptual Model of the Dehybridization Process

Before theoretically grounding and developing the proposed concepts and relationships, this paper illustrates the model in figure 2 to offer a preview and structure for the theorizing. Although I briefly introduce and define several theoretical relationships here that make up the conceptual model, the remainder of the dissertation is set up to offer a more in-depth justification for each of these relationships. Dehybridization has two main phases: (1) hybrid tensions; and (2) organizational transformations. As illustrated in the model, internal and external hybrid tensions are affected by organizational adaptation that leads to organizational transformation via mission drift or a strategic decision to a less hybrid organization. This section will go into depth on each of the phases and provide examples of how this can occur in social enterprises.

### Hybrid Tensions

As shown in figure 2, the dehybridization model begins with hybrid tensions.

Despite the potential of social enterprises, they typically experience tensions between and

within external pressures and internal practices and individually due to the unusual positioning relative to existing fields and categories.

***External Pressures on Hybrid to Conform***

Social enterprises that equally combine multiple logics, identities and forms face several challenges. This section will be guided by the six external pressures: the role of legitimacy; managing resources and the economic environment; government policies and legalities; business context; external stakeholder relationships; and industry practices and incumbent norms.

The first external pressure on a social enterprise is the role of legitimacy. In addition to the challenges that all new types of organizations face in gaining the attention and approval of resource providers, social enterprises face further challenges due to their violation of established social categories (Freeman et al., 1983; Haveman & Rao, 2006; Ruef & Patterson, 2009; Ruef & Scott, 1998; Stinchcombe, 1965; Zuckerman, 2010). Hybrids that equally combine business and charity face challenges relating to their external environments due to the lack of institutionalized legitimacy. Because they do not correspond to well-understood categories, social enterprises may be dismissed by external evaluators, whom themselves are embedded in extant organizational fields and perform evaluations according to socially constructed practices (Bolzani, Marabello, & Honig, 2020; Zuckerman, 2014). Legitimacy is granted to organizations that fit institutionalized expectations, and resources are frequently awarded on this basis (Kraatz & Block, 2008). Social enterprises do not fit an established form and thus face the challenge of establishing their legitimacy.

Hybridity also complicates managing resources, such as financial capital and the economic environment, leading to tensions. Social enterprises can face pressure to prioritize the stakeholders who provide important funding to the organization and, depending on the funding stipulations, could divert resources to a different or new logic.

These same financial stakeholders could view social enterprises as risky investments due to the uncertainty of the hybrid prioritizing one logic over the other. Such uncertainty results from resource providers' awareness that the social enterprise faces continuous pressures to conform to demands that may conflict with their interests (Kraatz & Block, 2008; Molecke & Pinkse, 2017). Research suggests that for these reasons, nascent social ventures that employ commercial models are still less successful in securing external financing than their pure charitable counterparts (Battilana & Lee, 2014). In an example of social enterprises, the combination of business and charity forms also manifests in allocating limited resources among activities that satisfy commercial and social welfare goals (Tracey & Jarvis, 2006). Evaluators may also perceive these social enterprises as relatively riskier due to the relatively higher uncertainty of their future behaviour.

One domain in which these external pressures are particularly evident is the process by which social enterprises select and acquire official legal incorporation, a primary means through which regulatory authorities confer legitimacy. Corporate regulations differ not only within countries but also within industries, with many incorporating options not aligned with hybrid entities. For example, organizations with purely social logics, which corresponds to public goals, are typically permitted to receive tax-free charitable donations (Salamon & Anheier, 1997). By contrast, organizations incorporated as businesses have the advantage of being able to raise financial capital through the sale of equity, an option unavailable to non-profits (Simon, Dale, & Chisolm, 2006). Thus, regulatory regimes reward organizations for their correspondence to ideal types, but not the joint production of financial and social value, leading to difficult trade-offs for social enterprises (Haigh, Kennedy, & Walker, 2015). The emergence of new legal forms that are meant to better fit the needs of social enterprises, such as benefit corporations in the United States or community interest companies in the United

Kingdom, creates new opportunities for these organizations. However, these innovations remain at an early stage and still lack broad acceptance, awareness, or legitimacy (Grimes et al., 2019).

The fourth external pressure to conform is the organizational context, as it creates processes within organizations that respond to stable factors in the external environment (Aldrich, 2009; Davis & Adam Cobb, 2010). Organizations respond to the demands in their external environments, for instance, by adopting such structures as are deemed legitimate and timely. Several schools within organization and management theory take context as the sources of imitation and coercion, both located outside the organization (Colyvas & Powell, 2007; DiMaggio, 1991; Freeman et al., 1983). For others interested less in the symbolic aspect of adaptation and more in economic performance, external factors such as competition and regulation replace the influence of norms and needs for legitimacy (Hernes & Weik, 2007). Social enterprises encounter these coercive pressures through the industries they operate, often dealing with norms that benefit more established forms of incorporation.

The fifth external pressure on social enterprises to conform is serving multiple stakeholders, where organizations comply more readily with demands from stakeholders who supply critical financial resources resulting in potential neglect of one of the logics (Pfeffer & Salancik, 2003; Santos & Eisenhardt, 2005). Social enterprises could jeopardize their hybridity by focusing more of their resources on adhering to the whims of their financial backers. Research suggests that organizations more readily comply with the demands stemming from external constituencies on which they depend for key resources, while they are more likely to resist the demands from constituencies on which they do not depend (Oliver, 1991). Social enterprises encounter the challenge of working with two categories of constituents: the customers who purchase their commercial

activities and the beneficiaries of their social activities. The external pressure for social enterprises to sustainably achieve their social mission despite the risk that they may prioritize customers over social impact (Battilana, Sngul, et al., 2015; Santos et al., 2015).

The final external pressure on hybrids is industry competition, where threatening incumbents may enact institutionalized forms of retaliation against social enterprises that attempt to take a share of the market. Researchers have observed that although the commercialization of non-profits increases their self-sufficiency, this may not always advance their mission. Referring to the effect of social enterprise on business, some argue that social enterprise activities threaten to corrupt market discipline and undermine economic growth (Battilana et al., 2012).

### ***Internal Practices that Create Tensions***

Social enterprises also face internal tensions that facilitate dehybridization. Some internal factors that instigate the process of dehybridization can be categorized into six dimensions: fluctuation of the organizational identity; organizational practices and activities leading towards a dominant logic; workforce composition; organizational structure and governance; shift in organizational culture; and the social entrepreneur.

One set of internal tensions that social enterprises face involves multiple organizational identities that members find difficult or stressful to integrate. Research has shown that holding multiple organizational identities may prove untenable and lead to internal conflict (Pratt & Foreman, 2000). When organizational members have identities that align disproportionately with one of the organizational logics, increased demands from the other can activate identity threat and raise latent differences into direct interpersonal conflict (Glynn, 2000). Research on social enterprises has found that creating a shared sense of hybrid identity among organizational members is particularly challenging

when the organization combines equal aspects of social and financial logics (Battilana & Dorado, 2010).

The second set of internal tensions arise from organizational practices and activities that lead towards a dominant logic. Activity integration may lead to organizational dehybridization since the social enterprise's legitimacy is harder to maintain and develop when appealing to multiple audiences. When the hybrids' activities are separate, they may experience a "service paradox" where serving one constituency may involve failing to adequately serve the other (Jay, 2013). There is a higher chance of dehybridization when the company has separate activities and creates different units to structurally isolate activities associated with the multiple forms that are likely to come into conflict (Pache & Santos, 2010). The level of integration between social and commercial activities is likely to affect the degree to which hybrid organizations experience internal forces between their multiple forms, as integrated activities circumvent potential paradoxes in the allocation of human, financial, and attentional resources (Battilana & Lee, 2014).

The third internal set of tensions potentially faced by social enterprises is workforce composition when there is a misalignment between individual actors and internal organizational logics. Individuals develop dispositions that reflect dominant organizational forms because their work experiences and training socialize them according to these forms (Bourdieu, 1986). It is rarely possible to populate the social enterprise with 'hybrid individuals,' and therefore, social enterprises must organize in ways that allow individuals from one sector or the other to work together coherently (Ashforth & Reingen, 2014; Battilana, Sngul, et al., 2015; Besharov, 2014; McPherson & Sauder, 2013). Social enterprises straddle the social and commercial sectors, and so may find it challenging to find potential employees whose skills and dispositions align with

their hybrid work context, as most people are still socialized either in the social or the commercial sector (Nicholls, 2008). These results suggest that social enterprises face unique dilemmas in selecting their employees and that depending on their previous work experience, employees may need to unlearn some of their habits. One must delve within the organization to examine the practices that occur within the hybrid to cohere a balance between the social and economic operations of the social enterprise (Battilana & Lee, 2014; Pache & Santos, 2013).

The fourth internal set of social enterprise tensions is the formal organizational structure, incentives and control systems, and governance not balancing between the hybrid logics. In social enterprises, organization structure influences the location in the organization where tensions between multiple forms are experienced and resolved, a situation well described by organizational research on paradox (Smith et al., 2013). Structure affects the experience of tension between social and commercial objectives through its influence on the frequency and nature of trade-offs between these goals (Kraatz & Block, 2008; Pratt & Foreman, 2000). Incentives and control systems dictate how behaviours or outcomes are to be measured and rewarded and are important to how organizations combine multiple forms (Smith et al., 2013). Social enterprises might encourage behaviours that advance multiple types of performance by linking incentives to a weighting that equally reflects both social and financial goals (Battilana & Dorado, 2010). The issue, however, can occur when these incentives are incorrectly linked and provide complexity within the organization regarding how these incentives are evaluated and rewarded (Battilana & Dorado, 2010; Ebrahim et al., 2014). Finally, governance systems are likely to play a vital role in social enterprises (Battilana & Lee, 2014; Mair, Mayer, & Lutz, 2015). Social enterprises face unique governance challenges related to joint accountability to both social and economic objectives. Recent research suggests that

boards, in particular, are likely to play a key role in ensuring the vision of social enterprises and divergence in board strategy could lead to the dehybridization of the organization (Dimitriadis, Lee, Ramarajan, & Battilana, 2017).

Another set of factors that can influence a social enterprise is culture. When the organizational culture is strongly associated with a single dominant logic, then the practices that support that logic may lead to disparities within the organization and begin dehybridizing. Cultural patterns within the organization will likely vary according to the level of integration of the organizational structure, workforce and the mundane day-to-day activities of the organization and its members (Nicolini, 2013). Organizational culture shapes how members make sense of themselves and their organization and become a dimension of dehybridization when the culture changes or favours one logic in a hybrid organization. A key question for social enterprises is whether a single organizational culture integrating social and commercial aspects is possible, or even desirable, relative to the creation of multiple sub-cultures and the reconciliation of competing norms and values.

The leadership of social enterprises, the social entrepreneurs themselves, can create internal tensions and become a catalyst to the transformation process. Social entrepreneurs are regarded as the initiator of a social entrepreneurial endeavour and the innovator who imagines and pushes through processes of social change (Choi & Majumdar, 2014; Swedberg, 2010). If leaders do not possess the necessary skills to integrate business and social activities, then the organization would be more sustainable if it were to dehybridize. Leadership, however, in social enterprises faces the challenge of constructing systems of meaning where multiple conceptions of the organization's values are possible or even likely and must knit together diverse values to win consent and cooperation to create a whole entity that is integrated and coherent (Besharov, 2014;

Besharov & Khurana, 2015; Kraatz, 2015; Smith & Besharov, 2019). The imprinting of the leader as having either a social or financial background could be a factor for which end of the spectrum, the social enterprise may end up dehybridizing.

### **Organizational Transformation**

The second stage of the dehybridization process is the organizational transformation of incorporating fewer institutional logics, identities, and forms. This transformation is affected by the previous internal practices and external pressures on the social enterprise to change in some capacity. To address the complexity of the organizational transformation stage, this paper uses the concept of intentionality. To organize the alternative transformation process, the dehybridization model suggests two ways it can take place: (1) mission drift or a (2) strategic decision.

#### ***Mission Drift***

Many social enterprises face both internal tensions on how to use resources and external tensions on which stakeholders are more important. Over time, the internal process by which organizations reconcile conflicts over resource allocation may become routinized and lead towards a drift in the mission duality. Following the understanding of internal and external pressures from the previous section, social enterprises are prone to goal displacement and transform towards better-established and more legitimate forms (Jones, 2007). These transformations may enhance the organization's prospects through the circumvention of internal and external challenges associated with hybridity; however, it would compromise its hybrid nature (Ebrahim et al., 2014). “References to mission drift have appeared most frequently in studies of social enterprise, wherein commitments to positive social changes are taken for granted, and any perceived shift away from social objectives is primarily treated as a liability” (Grimes et al., 2019: 820). Mission drift occurs when the social enterprise shifts resources and capacities to benefit one of the missions over the detriment of the other and creates an imbalance of the mission duality.

(Aeron-Thomas, Nicholls, Forster, & Westall, 2004; Emerson, 2003; Nicholls & Huybrechts, 2016; Tracey & Jarvis, 2007).

Mission drift is a shift in resource allocation and is very much an unintentional consequence occurring within the social enterprise, as shown in Figure 2. Unintentional transformation is not deliberately or consciously produced but manifests as side effects, accidents, secondary effects, or unanticipated consequences of actions, such as mission drift (Ford & Ford, 1995). Such competition for resources may activate processes of interpersonal conflict that further compromise organizational functioning (Santos et al., 2015). Disagreements in handling such trade-offs may lead to intractable conflicts and decision-making paralysis between organizational members with differing logics (Pache & Santos, 2010). In social enterprises, the unintended consequences can be manifested as mission drift, where the set of planned programs creates instability or inconsistent results (Hernes & Weik, 2007). These disagreements stray far from the organization's mission and therefore are very loosely coupled with the organizational strategy. A consequence of this transformation is that the social enterprise may not be able to retain its hybrid nature, as one form (either business or social) is likely to gain dominance over the other over time, but the organization can still survive in another form (Meyer, Tsui, & Hinings, 1993).

Mission drift may lead the social enterprise into a slower separation as one logic becomes more and more prevalent within the organization. Social enterprises incorporating incompatible logics often see coalitions representing these logics emerge inside themselves (Pache & Santos, 2010). These coalitions are likely to fight against each other to make the template they favour prevail, thus bringing the institutional conflict inside (Glynn, 2000; Zilber, 2013). In social enterprises, this drift can be more readily understood as the competing missions of social impact and profit creation, where

one of those logics becomes dominant within the organization. This drift occurs over time and can be attributed to internal organizational forces such as workforce composition and culture (Battilana & Lee, 2014).

### *Strategic Decision*

Social enterprises face numerous internal and external pressures; however, their responsiveness to these pressures can instigate a transformational process that involves shedding logics, identities, and forms. Strategic decision-making can be viewed as a special kind of decision-making under uncertainty. Such decision-making involves goal formulation, problem identification, alternatives generation, and evaluation/selection (Ebrahim et al., 2014; Schwenk, 1984). Strategic decision implementation aimed at organizational change can be launched in the shape of programmes intended to change current organizational procedures in line with new predefined goals. This implementation, which aims to preserve a sense of stability, could lead to the opposite outcome (Cohen, March, & Olsen, 1972). Stabilization occurs either as programmes are correlated with factors in the external environment, or as they become standardized and categorized under labels, allowing them to travel. Social enterprises should use any means necessary to survive, and the organizational form should not be a constraint to that goal. There are times when continuing as hybrids can result in potentially negative consequences for both beneficiaries and financial investors if the social enterprise is so overburdened with the continuous commitment to satisfying the needs of both goals.

In terms of intentionality, as shown in figure 2, a strategic decision allows the social enterprise to purposefully create a transformation plan either within logics, forms, or identities. What does it take to produce an intentional change in an organization? Some theorists propose that it depends on top management commitment, the type of intervention used, people's readiness for change or the organization's culture (Cameron,

Sutton, & Whetten, 1988; Goodman & Dean, 1982; Ulrich, Quinn, & Cameron, 1989).

An intentional change can be defined as the difference between two or more successive conditions, states, or moments of time (Ford & Ford, 1995). The differences between successive moments are established by determining a basis for finding the new condition that is not in the original condition (Smith, 2014). An intentional transformation occurs when an organization deliberately and consciously sets out to establish conditions and circumstances that are different from what they are now and then accomplishes that through some set or series of actions and interventions either singularly or in collaboration with other people (Ford & Ford, 1995). The change is produced with intent, and the organization holds responsibility for the actions taken. In social enterprises, the governance body is required to plan an intentional change to the organization. This type of planned transformation involves taking intentional action with a commitment to producing a specified outcome by directing attention to the specifics of the intended condition or state that will be different from the initial condition or state. The accomplishment of the intended change would be demonstrated by some objective evidence or measure of the outcomes, showing how they are different from what was present before the change process (Cameron et al., 1988).

A strategic decision for dehybridizing a social enterprise occurs when the organization finds that it is much simpler and more effective to become entities reproducing a single dominant institutional logic to gain legitimacy and secure support from external institutional referents (DiMaggio & Powell, 1983). A central insight of organization theory is that organizations tend toward forms that are distinct, well-bounded, and reproduced over time (DiMaggio & Powell, 1983). External stakeholders may set certain expectations on the organization in terms of financial success or social impact, and if the organization is unable to meet those demands, the stakeholders may

impose certain regulations to keep the organization on track. This can be best described through investment bodies that expect hybrids to maintain certain financial commitments regardless of their other logics, leading to the financial logic dominating over the other logics.

### **Impact of Discrete and Continuous Tensions**

This paper proposes that tensions lead to transformation in the form of mission drift or strategic decision and that the type of tensions the organization faces will shape the likelihood of mission drift versus a strategic decision. Furthermore, to focus on discrete versus continuous tensions and their impact.

#### ***Continuous***

Dehybridization by either mission drift or strategic decision leads to a social enterprise that is markedly less hybrid than before the transformation. The organization adapts to its environment, which can impact the organization through a change in its identity, logics, or form. Continuous tensions are those that the organizations face on an ongoing basis and which are sometimes difficult to capture in the environment. They involve internal tensions such as: fluctuation of organizational identity, organizational practices and activities leading towards a dominant logic, and a shift in organizational culture. Equally, there are external tensions such as: the role of organizational legitimacy, stakeholder relationships, and industry practices and incumbent norms. Both the internal and external tensions are constantly evolving and shifting, which means the social enterprise must constantly adapt. These adaptations may involve institutional logics that may be incompatible, with the degree of incompatibility increasing over time. The organizations may be incorporating antagonistic practices that may not easily work together, leading to the process of mission drift over time (Besharov & Smith, 2014; Greenwood et al., 2011; Tracey et al., 2011).

## *Discrete*

Discrete tensions are those which occur more promptly and require the social enterprise to make an immediate change. A few internal discrete tensions include: workforce composition, organizational structure and governance, and the social entrepreneur. Examples of discrete external tensions include: changes in government policies and laws, managing resources and the economic environment, and the business context. It can be challenging to adopt elements prescribed by given logics and often require defying the other logics' demands. In order to not jeopardize their legitimacy, hybrids may strategically choose the logic most suited to their needs (Pache & Santos, 2010). The most well-trodden strategic path to organizational survival is by narrowing one's scope and goals to ascertain a competitive advantage in the market (Michael E. Porter, 1991). For a social enterprise to stay relevant and continue a competitive advantage over its market, the most proven strategy is specialization to the most dominant mission or logic.

## **Summary of the Dehybridization Model**

As shown in figure 2, I propose a model of dehybridization, which includes two main dimensions: hybrid tensions; and organizational transformation. The first dimension, hybrid tensions, encompasses both internal practices that lead towards fewer logics and external pressures on the company to conform. These tensions then lead to the second dimension, organizational transformation, which can occur in two ways: mission drift; or a strategic decision. The model theorizes the outcome of social enterprise transformation through a prevailing dominant logic

## **DISCUSSION**

As scholars and practitioners increasingly reference competing logics and provide strategies to delay the consequences of the tensions within hybrid organizations, this paper addresses the possibility of providing different viable strategies for social

enterprises such as dehybridization. This paper seeks a better understanding of the transformation of hybrid organizations, defined as organizations that incorporate competing institutional logics (Battilana & Dorado, 2010; Greenwood et al., 2011; Haveman & Rao, 2006). It focuses specifically on the process in which social enterprises transform into fewer hybrid forms, with fewer competing institutional logics, thereby providing insights into how dehybridization processes can be strategically implemented to achieve certain outcomes such as dehybridizing, restructuring, or dissolving.

### **Implications for the Study of Social Enterprises**

Having delineated the challenges associated with hybrid organizations, hybridization, and social enterprises, these literatures have provided a motivating force for understanding dehybridization. This thesis intends to provide social enterprises with an opportunity to avoid some of the challenges that current literature addresses through the process of dehybridization. The importance of dehybridization for organization theory is predicated on the notion that the combination of forms leads to unique possibilities and tensions. Past research has focused largely on tensions that threaten the sustainability of hybrids, as indicated by the review of the literatures on hybridity and social enterprises in organization studies. Social enterprises that combine the business and charity forms at their core face distinctive challenges incremental to those described in the existing literature on CSR and non-profits. Scholars have proposed that the combination of disparate organizational elements may, under certain conditions, provide greater opportunities for transformation (Creed, DeJordy, & Lok, 2014), as well as for flexibility in adapting to changing environments (Stark, 2017). This paper suggests that the realization of these adaptive organizations can be seen through the process of dehybridization, where social enterprises have three transformative outcomes.

Another key contribution of this paper is the discovery that mission drift is not something that should be avoided like the plague by social enterprises. In fact, mission

drift could be used as a strategic tool to transform the hybrid into a different form, such as a new hybrid or one with one dominant logic. Much of the current literature on social enterprises aims to find ways to manage or avoid mission drift because it is deemed to impact the hybrid (Battilana & Dorado, 2010; Battilana & Lee, 2014; Pache & Santos, 2013). It is suggested that mission drift does not allow organizations to maintain their hybridity and that this maintenance is the ideal form for sustaining the hybrid structure. It is taken for granted by most research that social enterprises strive for a hybrid form, but the evidence does not prove this to be the norm. For many organizations, sustaining this hybrid structure at all costs leads to their ultimate and untimely demise (Grimes et al., 2019; Tracey & Jarvis, 2006), and managing the hybridity and focusing on mission drift ignores the possibility of organizational transformation.

### **Practical Implications of Dehybridization**

Recent research has highlighted the unique importance of social enterprises that combine multiple forms of organizational innovation and institutional change (Powell, Lovaglio, & Fox, 2011). This paper has developed the concept of dehybridization, defined as the process in which an organization transforms into an entity with new or fewer institutional logics than previously. It is further proposed that social enterprise, viewed as a hybrid organization that combines multiple forms, provides a useful lens to study dehybridization. Understanding the process of dehybridization provides many avenues for understanding hybrids and the transformations they go through to evolve.

Dehybridization has provided solutions for practitioners who have been pigeonholed into thinking they have no or very few options for social enterprises to exist. Many social entrepreneurs discover research that pronounces that managing hybridity is essential to maintain. For example, if a social enterprise does not have both a social and financial logic equally at the center of the organization, then the construct of the social enterprise is in jeopardy. Practitioners of social enterprises have more options than just

managing their internal tensions and reacting to external pressures (Battilana & Dorado, 2010; Battilana et al., 2012; Battilana, Sngul, et al., 2015; Reay & Hinings, 2009); instead, they have strategies for transforming. Dehybridization allows social enterprises to be more fluid in their organizational changes due to internal or external circumstances. They no longer must fear not managing their competing logics and having the freedom to change their organizations as the need arises.

### **Future Research**

While this paper provides a theoretical understanding of the process of dehybridization of social enterprises, it would be beneficial to both practitioners and theorists for further research to look at the model through an empirical lens. Understanding how and the extent to which external factors magnify or suppress the effects of internal tensions is an empirical question. Studies, for example, could compare the impact of organizational structure and company governance, changes in government policies and their impact, or industry practices during economic shocks. It is highly plausible, for example, that the consequences of organizational governance not only vary as a function of the organization's strategy but also the ecological characteristics of the population and industry.

Further theoretical exploration of the concept of dehybridization within the hybridity literature takes it a step further from a continuum to a multi-dimensional understanding of hybridity as explored in recent work by Besharov & Mitzinneck (2020). Besharov & Mitzinneck conceptualize hybridity as not just continuous but also multi-dimensional, highlighting centrality, compatibility, multiplicity, and structure as four key dimensions along which hybridity varies. It is the hope of this paper that future theorists will use the concept of dehybridization and build upon this foundation to a more multi-dimensional understanding of organizational transformations of hybrid forms.

## CONCLUSION

Over the last 30 years, social enterprises have increasingly challenged long-standing boundaries between the social and business sectors (Dees, 2007; Dees & Anderson, 2006). Corporations have faced increased public pressure to help address far-reaching societal problems, leading to the adoption of behaviours meant to fulfill their perceived social responsibility (Carroll, Feng, Le Mens, & McKendrick, 2010). In the meantime, non-profits adopted tools such as strategic planning to increase their overall efficiency and find new sources of funding by engaging in commercial activities. The charity and business organizational forms, which historically evolved on separate tracks, have thus increasingly been mixed, leading to the emergence and development of hybrid organizations that combine aspects of both organizational forms (Haveman & Rao, 2006; Pache & Santos, 2010).

Dehybridization is the process by which an organization transforms into an entity with fewer institutional logics than previously. This process is characterized by a model with three key dimensions: hybrid tensions, organizational transformation, and outcomes. Hybrid tensions consist of internal practices leading to fewer logics and external pressures on the organization to conform and the relationship between them. Organizational transformation includes three factors: mission drift, strategic decision, and external mandate, with each of these factors leading to different transformations. The process from hybrid tensions to organizational transformation is affected by organizational adaptation, which can be either internal or external and with discrete or continuous tensions. By understanding the process of dehybridization, this paper uncovers a strategy for theorists and practitioners for transforming social enterprises.

Organization theory has much to add to understanding the transformations of social enterprises. Dehybridization offers a lens well suited to the breaking down of

traditional boundaries, which is an essential feature of this era. Furthermore, the study of hybrids and social enterprises presents an opportunity to question some of our basic assumptions about the unified nature of organizational forms. This theoretical agenda extends beyond social enterprise into a larger population of organizations that combine forms in innovative ways. In advancing the concept of dehybridization, this paper hopes to stimulate further work that sheds light on these hybrid organizations and how their transformative possibilities might be realized.

## **PAPER 2 – THE ROLE OF GOVERNANCE IN THE DEHYBRIDIZATION OF SOCIAL ENTERPRISES**

### **ABSTRACT**

This paper examines the challenges of organizational governance in the transformation of social enterprises. Social enterprises, studied by the analysis of 33,350 Community Interest Companies from 2006-2020 in the United Kingdom, highlight tensions and contradictions arising from pursuing multiple goals. In the world of hybrid organizations, an important problem is why hybrids shed one or more logics and the conditions under which it occurs, which I conceptualize as the process of dehybridization. Dehybridization has implications that can transpire by the hybrid changing organizational form to one with fewer logics than previously. Governance in the form of board heterogeneity is examined along eight dimensions—age, gender, title, education, occupation, directorships, tenure, and nationality—to find whether boards that are more heterogeneous are more adaptive in dehybridizing. This paper finds that Community Interest Companies with heterogenic boards are 17 times more likely to adaptively transform by shedding logics through dehybridizing than any other transformation.

## INTRODUCTION

An important problem in the study of social enterprises is understanding their potential transformation constituting fewer, rather than more, identities, logics, or forms—a process I describe as dehybridization. Hybrid organizations combine “the institutional logics that are materialized in two or more organizational forms” (Haveman & Rao, 2006, p.974). Hybridization involves the process of combining logics, identities, forms, or procedures (Battilana & Lee, 2014; Battilana et al., 2012; Battilana, Sngul, et al., 2015). Thus, I define dehybridization as an organizational transformation through which an organization integrates fewer logics than it had previously. Research on hybrid organizations has tended to focus on understanding the ways in which social enterprises hybridize or manage their hybridity and have consequently overlooked the process of dehybridization. Understanding dehybridization is important because the process is transformative for social enterprises, the people involved, and the communities.

An important factor potentially shaping the dehybridization of social enterprises is their governance and the role of their governing boards. Social enterprises face distinctive governance challenges associated with the trade-offs between their potentially divergent stakeholder interests (Daily et al., 2003; Ebrahim et al., 2014; Santos & Eisenhardt, 2005). Dehybridization involves the shedding of logics and thus may require managing the needs and interests of divergent stakeholder groups, the responsibility of which lies ultimately with the organization’s board of directors. Social enterprises represent a context in which there are multiple significant stakeholders (Haigh & Hoffman, 2012; Mair et al., 2015) with different objectives, some of which can enforce their interests and others that cannot. To sustain hybridity, the organization requires guardrails, one of the primary guardrails that exist for organizations are boards of directors with the key task of prioritizing and aligning the organizations’ sometimes conflicting interests (Ebrahim et

al., 2014). Recent research on hybrid organizations suggests that board diversity may play a key role in managing the multiple identities of social enterprises (Battilana & Lee, 2014; Doherty et al., 2014). The role that boards play in dehybridization is less well understood, however, especially with respect to the impact of board diversity on this process.

To explore boards within the dehybridization process, I draw on a longitudinal dataset of 33,350 Community Interest Companies, including 112,140 directors in the United Kingdom from 2006 to 2020. Community Interest Companies are organizations established to trade for the good of the community rather than to make a profit for the owners. The category was created as a response to the growing need for a formalized social enterprise structure in the United Kingdom. Two main features characterize Community Interest Companies: (1) the asset lock and (2) the Community Interest Statement and Report (Nicholls, 2008). The asset lock describes the restriction that the organization's assets and profits must be permanently retained within the Community Interest Company and used solely for community benefit or transferred to another organization that itself has an asset lock (Yunus et al., 2010). The Community Interest Statement and Report describes the activities on how and to whom the company will provide benefit to in the community while having this information publicly available. Community Interest Companies represent an ideal research context to study dehybridization because their clear legal and financial boundaries allow easier comparisons over time in terms of their form and the logics they employ. This dataset provides the foundation for understanding how levels of board heterogeneity contribute to the degree of organizational transformation of a social enterprise. The research proposes that hybrid organizations exhibiting different levels of integration between their social and commercial activities may require different types of board composition to transition

through the organizational transformation (Battilana & Lee, 2014). A study of this magnitude has not been done before in social enterprises nor when looking at non-listed boards.

In brief, I find a strong link between board heterogeneity and dehybridization in the context of Community Interest Companies in the United Kingdom. My confidence in this link is based on an analysis of four possible paths on which Community Interest Companies travel in the period of our dataset: (1) dehybridizing – the process of shedding logics, (2) pivoting – when the company legally renames itself or enters a new industry, (3) hybridizing – the process of incorporating more logics, (4) sustaining hybridity – keeping the company active, and (5) dissolving – when the company ceases operations. I show that board heterogeneity is a significant variable in dehybridized Community Interest Companies, as they are nearly 17 times more likely to be impacted by heterogeneity than compared with all other transformations. Looking further into board heterogeneity, I find that dehybridized Community Interest Companies are nearly 59 times more likely to have more heterogeneous boards than those which pivoted, hybridized, dissolved or had no transformations. This study shows that board heterogeneity of social enterprises makes a crucial impact on the transformation of the organization. This paper provides a novel empirical understanding of why dehybridization occurs and what characteristics of governance attribute to that process.

## **THEORETICAL CONTEXT**

In this section, I draw on previous research to develop the hypothesis I test in this study. First, I introduce the concept of dehybridization and illustrate it using the example of social enterprises. I then examine the potential role of governance in dehybridization and finally introduce the hypothesis that underpins this study.

## **Dehybridization in Social Enterprises**

Social enterprises share features of businesses and not-for-profit organizations, with both sets of features critical to accomplishing their goals (Mair & Martí, 2006). These organizations represent a canonical example of hybrids and their sustainability depending on both advancing their social mission and their commercial performance (Battilana et al., 2012; Mair et al., 2012; Nicholls, 2008). More specifically, social enterprises are defined by their: (1) social purpose – created to generate social impact and change by solving a social problem; (2) enterprise approach – uses business vehicles, innovation, competitiveness, and market approaches of a for-profit business; and (3) social ownership – with a focus on public good and stewardship (Mair & Martí, 2006). Social enterprises thus attempt to combine the best of both worlds: creating value for society in areas where markets and governments are failing and developing financially sustainable operations that leverage commercial transactions and enable reaching scale (Battilana & Lee, 2014; Battilana, Sngul, et al., 2015).

As hybrid organizations, social enterprises integrate multiple institutional logics, with those distinct logics imposing different and potentially conflicting demands on organizations (Battilana & Dorado, 2010; Besharov & Mitzinneck, 2020; Besharov & Smith, 2014; Haveman & Rao, 2006). Institutional logics are systems of cultural elements (values, beliefs, assumptions, and rules) by which people, groups, and organizations make sense of and evaluate their everyday activities and organize those activities in time and space (Friedland, 1991; Thornton & Ocasio, 2008; Thornton et al., 2012). A potentially conflicting set of demands faced by social enterprises stem from the impact on their missions of multiple contradictory organizational logics (Greenwood et al., 2011; Pache & Santos, 2013; Smith et al., 2013). Multiple logics present varied and often incompatible directions, leading to uncertainty and contestation in areas such as

organizational strategy, identity, individual action, and structure (Greenwood et al., 2011; Kraatz & Block, 2008; Pache & Santos, 2010; Thornton et al., 2012). Social enterprises thus represent a distinctively interesting context in which to explore how hybrid organizations manage these tensions (Battilana & Lee, 2014).

### **Current Responses to Hybrid Tensions in Social Enterprises**

Current literature has focused on three main responses of social enterprises to hybrid tensions: maintaining hybridity, pivoting, and mission drift. Maintaining hybridity has been commonly structured in one of two ways: segregating or combining (Kraatz & Block, 2008; Oliver, 1991; Pache & Santos, 2010; Pratt & Foreman, 2000). By segregating, the new hybrid must develop strategies to keep the two logics or forms from each other, thereby having two different organizational identities and sometimes forms. Studies suggest that social enterprises may reconcile competing logics by enacting a combination of activities drawn from each logic in an attempt to secure an endorsement from a wide range of field-level actors (Greenwood et al., 2011). Because of how hybridization is structured, by either segregating or combining new elements, these changes can create numerous problems for the transforming organization.

A second strategy for maintaining hybrid tensions is pivoting, which incorporates the creation of new elements that may include different logics, identities, and or forms than any of the previous organizations separately (Battilana & Lee, 2014; Dalpiaz et al., 2016; Ebrahim et al., 2014; Murray, 2010; Sabeti, 2011). Pivoting allows social enterprises to manage hybridity in various ways, such as adapting to new markets, creating new products or services, or rebranding the organization. Understanding the complexities of hybrid entities and the necessary internal practices can aid the organization in focusing on multiple logics (Battilana et al., 2010).

The third response already highlighted by research investigating the management of hybrid tensions in social enterprises has been unintentionally drifting from one logic in favour of another—a risk referred to as mission drift (Ebrahim et al., 2014; Grimes et al., 2019). This concern echoes a long tradition in management research that has highlighted the risk of organizations losing sight of their purpose and values in the quest for organizational survival and efficiency (Selznick, 2015; Weber, 1978). Social enterprises are “fragile organizations that must walk a fine line between achieving a social mission and living up to the requirements of the market” (Santos et al., 2015, p. 38). Tensions between the business and charity forms manifest both externally in managing relations with a bifurcated organization environment and internally in managing organizational identity, resource allocation and decision-making (Battilana & Lee, 2014; Battilana, Sngul, et al., 2015; Pache & Santos, 2010; Smith et al., 2013).

### **Dehybridization as a Response to Hybrid Tensions in Social Enterprises**

Introducing another response for social enterprises under pressure from hybrid tensions involves shifting away from the hybrid form by shedding, rather than gaining or maintaining logics. I refer to this process as dehybridization and define it as an organizational transformation, intentional or unintentional, in which an organization undergoes change such that after the transformation, it contains fewer logics than previously. An example of this can be illustrated in the case of a business school. Business schools are known to have several logics and identities of teaching, researching, and fundraising that are of equal significance to the organization. Dehybridization would occur when the business school shifts its focus on only two of the three pre-defined logics, such as teaching and fundraising, for example, to continue the organization in a transformed capacity.

In a social enterprise, dehybridization would result in the organization becoming either a charity (losing its commercial logic) or a for-profit business (losing its charity logic). An example of a social enterprise that dehybridized into a charity is Company Alpha, an organization that works with people of all ages who may need support to achieve a good life for themselves. Company Alpha was thriving as a Community Interest Company when it realized that it could not scale in the capacity that was required for continued success and therefore transformed into a charity. Hybrids will strategically choose the logic most suited to their needs in order to not jeopardize their legitimacy (Pache & Santos, 2010). The most well-trodden strategic path to organizational survival is by narrowing one's scope and goals to ascertain a competitive advantage in the market (Michael E. Porter, 1991). For an organization to stay relevant and continue a competitive advantage over its market, the most proven strategy is specialization to the most dominant mission or logic.

I argue that dehybridization represents a demanding response to hybrid tensions. While previous research has emphasized the efforts associated with the creation of social enterprises as hybrid forms (Kraatz & Block, 2008) or maintaining hybrid status despite the tensions associated with it (Pache & Santos, 2010), I argue that dehybridizing is itself a potentially demanding response to these tensions. Dehybridization represents a strategic response in that it involves a major reorientation of a social enterprise from integration of commercial and charity logics to focusing on only one or the other. Dehybridization would include mission drift as a type of organizational transformation that involves a shedding of logics or identities. Such a change is likely to affect every level of the organization, from the c-suite to the manufacturing plant. Shedding a commercial logic, for instance, might involve shutting down retail or manufacturing operations, establishing new financing arrangements, laying off commercially-focused personnel, or increasing

government liaisons. Similarly, shedding a charity logic might involve laying off charity-focused personnel, changing from donation-centric financing to selling products or services, re-structuring the organization to allow for investor's and VC's financing, or establishing retail or manufacturing operations. The holistic and strategic nature of dehybridization suggests it will require consent and direction from the organization's highest levels of authority, including both its executive team and its board. I focus here on the potential role of boards in dehybridization.

### **The Role of Governance in Social Enterprise Dehybridization**

Organizational governance has been defined as the structures, systems and processes concerned with ensuring the overall direction, control, and accountability of an organization (Chambers & Cornforth, 2010; Monks & Minow, 2011). Corporate governance typically includes several levels of participation, such as senior management, the board of directors and shareholders. This paper focuses on governance within social enterprises and, specifically, the board of directors, as this group sets the overall framework within which the organization operates (Low, 2006). Social enterprises form a distinct sector and enact hybrid non-profit and for-profit activities, suggesting an additional layer of complexity through hybrid tensions (Dart, Clow, & Armstrong, 2010).

Governance in social enterprises is driven by both the board and regulatory practices, as social enterprises are widely viewed as stakeholder-driven organizations. There are several restrictions put upon social enterprises, and in the United Kingdom, the limits include shareholder restraints such as those outlined in the Community Interest Company legislation, which demands that community interests should be the main driver of decision-making rather than shareholder returns (CIC Regulator, 2013). The legal formalities of Community Interest Companies limit shareholder voting powers while at the same time offering modest increases in other stakeholder influence, thereby limiting

accountability within social enterprises (Dunn & Riley, 2004). This juxtaposition has the potential to expose social enterprises to embezzlement of shareholder assets, seen all too often in corporate scandals of recent years. Regardless of the board or regulatory practices incurred on the social enterprise, the assets of the organization must be devoted to community benefit while still being protected from misappropriation by senior management (Low, 2006).

The hybrid governance challenge plays out at multiple organizational levels, but responsibility for managing it ultimately rests with the board. As (Fowler, 2000, p.645) concludes, social enterprise “calls for a specific type of capability to manage a non-profit-for-profit organization all ‘under one roof.’” Social enterprise management requires board capabilities that can cope with hybrid tensions and not having boards comprised of directors from solely voluntary sectors or lacking business acumen (Low, 2006). The governance hybridity faced by social enterprises implies that they must be capable of using their assets to maximum effect or risk unintentional consequences. This requires that they make decisions that ensure financial stability whilst guaranteeing the needs of their community interest (Low, 2006; Mair, Wolf, & Ioan, 2020). Social enterprises use boards as important guardrails for managing organizational hybridity, and board characteristics may affect organizational transformations in hybrids.

### **The Role of Boards in the Dehybridization of Social Enterprises**

This paper is principally concerned with boards as the focus of organizational governance, as it is at board level that critical decisions in social enterprises are made. Board members engage in facilitating the acquisition of resources that are critical to the firm’s success, building relationships with key stakeholders (Boyd, Gove, & Solarino, 2017; Hillman & Dalziel, 2003), facilitating access to capital (Mizruchi & Stearns, 1988),

enhancing company reputation and image (Selznick, 1949), and establishing contacts with the external environment (Zahra, 1996).

Research on social enterprises suggests that boards play a major role in managing hybrid tensions and have been depicted as playing a major role in avoiding mission drift, as they can internalize, manage, and arbitrate external pressures and conflicting interests (Jones, 2007; Mair et al., 2015; Weisbrod, 2004). When representing different types of stakeholders, boards are expected to play a role in balancing divergent expectations and interests from key actors such as investors and beneficiaries (Huybrechts, 2010; Pache & Santos, 2010). In this vein, governing boards become an interface between organizations and their external environment, acting as carriers of pressures from the environment while simultaneously being a buffer for the organization to these pressures. More recently, however, scholars have pointed toward the potential conflicts arising from diverse boards. Subgroups defending different and sometimes competing interests and goals may lead to the emergence of fault lines within the board. Tensions and power imbalances between different subgroups can make it difficult to achieve a clear purpose and may block decision-making processes (Crucke & Knockaert, 2016; Spear & Bidet, 2005), thus ultimately not solving governance challenges but exacerbating them.

Scholars suggest that it is time to move beyond the ‘one-size-fits-all’ approaches that have been advocated regarding board composition (Boivie, Graffin, & Pollock, 2012). They argue in favour of building specific solutions for specific needs so that boards can make a difference. Social enterprises provide an opportunity to go down this avenue (Aguilera, Rupp, Williams, & Ganapathi, 2007; Mair et al., 2020). Until now, I have little empirical evidence about the importance of boards in social enterprises, the functions the boards fulfil, the composition of the boards, and how boards enable social enterprises to thrive.

## **Board Heterogeneity and Organizational Transformation in Social Enterprises**

The challenging nature of dehybridization is very demanding of boards, and the different characteristics of boards may affect how successfully or not the company transforms. One key quality that has been shown to influence social enterprises and their organizational transformation is board heterogeneity. Board heterogeneity can arise from differences in many areas, such as: director education, experience, profession, gender, ethnicity, and age (Anderson, Reeb, Upadhyay, & Zhao, 2011). Compared to pivoting, dissolving or not transforming, dehybridization is the most complex transformation as it involves structurally changing the organization. This paper argues that board heterogeneity is an important characteristic that affects the outcomes of the organizational transformation of social enterprises.

Directors bring varied expertise, knowledge, connections, and skills to the board. These are grounded in their education, professional training, prior experiences, and occupational backgrounds (Hillman & Dalziel, 2003; Kroll, Walters, & Le, 2007; McDonald, Westphal, & Graebner, 2008) and can affect firm outcomes (Haynes & Hillman, 2010). Previous empirical research on the governance relationship with organizational transformation showed that more heterogeneous top management teams were more receptive to changes (Boeker, 1997; Wiersema & Bantel, 1992). For example, directors in different age groups provide heterogeneity due to their exposure to different industry and business environments in differing time periods. Executives and directors in the same age group may share similar attitudes and belief structures in work-related experiences (Wagner, Pfeffer, & O'Reilly, 1984). Moreover, differences in directors' ages also are expected to lead to diversity in decision-making styles and risk-taking behaviours (Aida, 2014; Barker & Mueller, 2002; Hitt & Tyler, 1991), which should also reduce biases in strategic information processing.

Differences in educational background may also result in significant heterogeneity in knowledge and underlying attitudes in the decision-making process. Previous studies focusing on demography have related decision-maker's educational backgrounds to strategic orientations and preferences (Datta & Guthrie, 1994; Wiersema & Bantel, 1992). Educational level is associated with a higher capacity for information processing (Schroder, Driver, & Streufert, 1967), greater cognitive complexity (Hitt & Tyler, 1991), and a greater tolerance for ambiguity (Dollinger, 1984). Hitt and Tyler, (1991) suggest that greater cognitive complexity provides a greater ability to absorb new ideas and knowledge, thus increasing the tendency to be more receptive to new ideas. The heterogeneous levels of education within board members will provide varying levels of receptivity to new ideas and capacity for tolerance and complexity. Thus, the cumulative evidence of prior research suggests that board heterogeneity can make a board more adaptive and thus better able to overcome the challenges of dehybridization.

Previous researchers on group demography have emphasized various benefits that result from diversity composition (Wiersema & Bantel, 1992). Most of the benefits of group diversity are attributed to the cognitive and informational diversity that diverse members bring to the process of group decision-making. In a group decision-making context, dissimilarity among group members' cognitive backgrounds enhances diversity in values, beliefs, attitudes, perspectives, knowledge, and information-processing behaviours, which is conducive to decision comprehensiveness (Forbes & Milliken, 1999). For example, diversity in tenure, educational and functional backgrounds should increase the breadth of a group's cognitive perspectives because individuals from different cognitive backgrounds provide a diversity of knowledge, experience, and information-processing behaviours, which leads to more alternatives, better evaluation of strategic options, and more accurate prediction of environmental changes (Cannella,

Finkelstein, & Hambrick, 2008). Thus, diversity in directors' cognitive backgrounds provides an increased pool of information, skill sets, expertise, and perspectives (Conger, Lawler, & Finegold, 2001; McNamara, Luce, & Tompson, 2002). The combined pool of experience and knowledge is likely to be greater in heterogeneous boards than in homogeneous boards (Aida, 2014).

Government agencies, shareholder groups, and social activists frequently advocate and call for greater board heterogeneity among directors in large corporations. Proponents of greater board heterogeneity argue that managers and firms benefit from directors bringing diverse social and occupational viewpoints to the boardroom. Dehybridizing requires the most transformation and input from the boards, as it sheds institutional logics, or separates its multiple forms or diverges its numerous organizational identities. The separation of multiple forms of social enterprises is most clearly regarded through a legal change where the hybrid transforms into a new dominant form of a charity or for-profit enterprise. Boards contribute to the transformation of these organizations and allow them to pivot in new directions by shedding logics and changing legal forms to survive the external environment. This study posits that social enterprises in times of great organizational transition were found to have more heterogeneous boards to provide strategic decision-making. Therefore, this paper hypothesizes that:

***Hypothesis 1:** Community Interest Companies which dehybridize are likely to have more heterogeneous boards than Community Interest Companies that resolve those tensions through pivoting, hybridizing, dissolving or not transforming.*

## **METHODOLOGY**

### **Research Context: CICs in the UK**

To advance the understanding of social enterprise governance, this paper tested H1 to shed light on the relationship between governance and dehybridization. This was done by drawing on longitudinal data on Community Interest Companies in the United

Kingdom. A Community Interest Company is a special type of limited company that exists to benefit the community rather than private shareholders and was created as a response to the growing need for setting up a formalized social enterprise in the United Kingdom. Community Interest Companies are organizations established to trade for the good of the community rather than to make a profit for the owners. The two main features of a Community Interest Company are: (1) the asset lock and (2) the Community Interest Statement and Report (Nicholls, 2008). The assets and profits must be permanently retained within the Community Interest Company and used solely for community benefit or transferred to another organization that itself has an asset lock, such as a charity. The Community Interest Statement and Report describes the activities on how and whom the company will provide benefit to in the community, and this information is publicly available. Community Interest Companies may raise equity by issuing shares; however, the dividends which may be paid have a current cap of 35% of the Companies profits (Yunus et al., 2010). Community Interest Companies were used for the empirical study as they have clear legal boundaries. Since they are legally obligated to provide both financial statements and social impact statements to the relevant legal authorities in the UK, it ensures that Community Interest Companies are legally and, through organizational form, hybrid organizations.

### **Sample and Data**

This study encompassed the entire population of Community Interest Companies from 2006 to 2020 in the United Kingdom. This included 33,350 companies and 112,140 directors, with companies currently registered as Community Interest Companies and those who were previously registered as such with Company House.

The primary source of the board characteristics and control variables is FAME, a Bureau van Dijk (BvD) product. For each director in the dataset, I collected: age, gender,

tenure, title, nationality, and occupation from FAME with supporting information on occupation classification and education from CASCOT, the Computer-Assisted Structured Coding Tool using Companies House information through the Warwick Institute for Employment Research. Company financial information, as well as industry and geography and age, were all also collected through FAME.

### **Dependent Variables**

I constructed variables to measure the four organizational transformations: dehybridized, pivoted, hybridized, and dissolved, and a variable measuring no organizational transformations. This was done both by separately coding the five transformations as (1) the transformation and (0) all other Community Interest Companies, and by creating a dependent variable whereby all five variables are categorically compared and coded from one to five. I first analyzed the four organizational transformations and one non-transformation through a multinomial logistic regression to compare the significance of the heterogeneity index. Then I used the chi-squared analysis to understand the effect size between more and less heterogeneous boards in the five organizational transformations.

***Transformation 1: Dehybridized.*** Organizations were assigned a 1 for this variable if they used to be Community Interest Companies and became either charities, charitable incorporated organizations (CIO), or limited by guarantee entities. This was observed through a legal name change, and these companies must still be active.

***Transformation 2: Pivoted.*** Organizations were assigned a 2 for this variable if they are Community Interest Companies that registered a new name or industry and are active.

**Transformation 3: Hybridized.** Organizations were assigned a 3 for this variable if Community Interest Companies changed their legal structures from for-profit or charities to Community Interest Companies.

**Non- Transformation: Sustained Hybrids.** Organizations were assigned a 4 for this variable if they never changed their legal structure, name or industry and were always registered as a Community Interest Company and used as a control group.

**Transformation 4: Dissolved.** Organizations were assigned a 5 for this variable if they used to be Community Interest Companies and were no longer active and legally dissolved.

### **Heterogeneity Variables**

I measured board heterogeneity along eight dimensions: age, gender, tenure, title, education, occupation, number of directorships, and nationality. Since tenure and age are continuous variables, board heterogeneity along these dimensions was measured as a coefficient of variation. The coefficient of variation, which is the relationship between the standard deviation and the mean, is defined as:

$$CV_{it} = \sigma_{it}/\mu_{it}$$

The other six dimensions – gender, title, education, occupation, directorships, and nationality – are categorical variables; therefore, I used the Blau index of diversity (Blau, 1977) to measure their heterogeneity. The Blau index was defined as:

$$BI_{it} = \sum_{j=1}^s p_{jit}^2$$

Where  $BI_{it}$  was the Blau index for firm  $i$  in year  $t$ ,  $j$  is the number of categories an individual can belong to (e.g., gender = 2), and  $p$  the proportion of directors on board  $i$  that belong to category  $j$  at time  $t$ . The Blau index is the most frequently used approach for measuring diversity in board heterogeneity studies (Agresti & Agresti, 1978; Harrison & Klein, 2007). The statistical interpretation of the Blau index, ranging from 0 to 1, is the

likelihood that two randomly selected individuals from a group belong to different categories (Harrison & Klein, 2007). Diversity in studies of board heterogeneity is typically measured using this approach, where the categorical variable is of interest (e.g., female/male), and group members belong to one category exclusively.

To measure director education and occupation heterogeneity, I first used the information readily available within FAME, and for individuals who had insufficient data, I followed the two-step FAME, CASCOT system. First, I classified each director's occupation with an occupation history from FAME and a classification system, CASCOT, into one of ten categories. Then, to create a director education heterogeneity measure, I took the newly classified occupation data and ran it through the CASCOT system to create four education categories. See Appendix A for the variable definitions and classification scheme.

In addition to studying all eight heterogeneity dimensions independently, I created an aggregate index measure, termed the 'heterogeneity index.' When trying to combine the individual measures, two complications emerged. The first complication was that the measurement method is inconsistent across the eight categories. The diversity measure for continuous variables is calculated using the coefficient of variation, while the diversity measure for categorical variables is evaluated using the Blau index. The second complication is that the Blau index of diversity can theoretically only approach 1 (fully heterogeneous) as the number of categories becomes sufficiently large. However, for variables which only have two categories, such as gender and title, the maximum range of the Blau index is from 0 to 0.5. Therefore, the Blau index is not comparable across dimensions with a different number of categories (Harrison & Klein, 2007).

Summing up the Blau index across variables with an unequal number of categories weighs the variable with a greater number of categories more heavily. To

tackle these issues, I first scaled all individual measures of diversity (age, title, gender, nationality, education, occupation, tenure, and directorships) by the mean of their respective categories and then combined them into an index variable:

$$Heterogeneity\ Index\ (HI)_{it} = \sum_{j=1}^8 \frac{DiversityCategory_{jit}}{Diversity\ Category_j}$$

with diversity categories: CV(Age), CV(Tenure), Blau(Gender), Blau(Title), Blau(Education), Blau(Occupation), Blau(Directorships), and Blau(Nationality). Some researchers approached aggregating diversity indices by scaling each dimension with the median (Wahid, 2012). However, the typical approach for aggregating the Blau index across categories is to scale each category by its theoretical maximum (Agresti & Agresti, 1978; Harrison & Klein, 2007). Therefore, I opted to use the Agresti (1978) approach, since I combined different types of measures together (Blau index across categories and coefficient of variation for continuous variables). The method to scale each dimension by its categorical maximum was applied so as not to have indices such as board occupation, which has ten categories, to outweigh those indices with only 2. An example of the methodology is presented in Appendix A.

### **Descriptive Statistics**

Descriptive statistics can be found presented in Tables 1 to 3. Table 1 shows the continuous characteristics of the sample companies divided into the respective transformations. Community Interest Companies vary in organizational longevity from the shortest lifespan of approximately three years for those dissolved, and the longest lifespan of over nine years for those that dehybridized. These organizations are small to medium-sized, with an average number of employees between one and 17. Organization size also coincides with board size, with the average number of board members between 1 and 5. Board turnover is highly variable, with the highest average of 99% board

turnover in dissolved companies and the lowest average of 14% board turnover in non-transformative organizations.

<b>Firm Continuous Variables</b>					
<b>Dehybridized</b>					
	<b>n</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Company Tenure Total Days	135	3478	3742.97	2371	4201
Company Tenure Since Name Change (days)	130	1822	1092.75	995	2668
Number of Employees	128	9	16.096	1	9
Current Directors	135	5	2.5231	3	7
Director Turnover (%)	134	0.4695	0.2335	0.33	0.64
Log Assets	124	4.5494	1.0179	4.1432	5.1761
<b>Pivoted</b>					
	<b>n</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Company Tenure Total Days	1064	2303	1644.75	939.5	3340
Company Tenure Since Name Change (days)	1064	1173	1074.73	317	1756
Number of Employees	851	17	143.809	1	3
Current Directors	1064	3	1.9254	2	4
Director Turnover (%)	1063	0.3170	0.2817	0	0.5
Log Assets	718	3.7813	1.2593	3.1132	4.5039
<b>Hybridized</b>					
	<b>n</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Company Tenure Total Days	2217	2756	2899.94	1132	3544
Company Tenure Since Name Change (days)	2214	1633	1249.99	670	2210
Number of Employees	1930	13	103.501	1	3
Current Directors	2217	3	2.0103	2	4
Director Turnover (%)	2217	0.3106	0.3096	0	0.53
Log Assets	1592	3.7963	1.2933	3.2057	4.5723
<b>No Transformation</b>					
	<b>n</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Company Tenure Total Days	17262	1212	1205.53	301	1909
Company Tenure Since Name Change (days)	29	3943	1046.22	2961	4641
Number of Employees	8694	4	30.2867	1	2
Current Directors	17262	3	1.7977	2	4
Director Turnover (%)	17262	0.1376	0.2223	0	0.25
Log Assets	7343	3.5795	1.0839	3.0306	4.2381
<b>Dissolved</b>					
	<b>n</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Company Tenure Total Days	9305	1221	813.45	599	1582
Company Tenure Since Name Change (days)	40	1749	726.841	1209.5	2166.5
Number of Employees	4039	1	11.1691	1	1
Current Directors	9305	0	0.1476	0	0
Director Turnover (%)	9299	0.9972	0.0513	1	1
Log Assets	4770	3.0892	1.2924	2.3655	3.9354

Table 1: Continuous Firm Characteristics

Panel B presents categorical characteristics such as firm geography, firm size, and industry sector. Firm geography is classed as either urban, if in one of the 28 most populous cities in the United Kingdom, or rural otherwise. The data has shown that Community Interest Companies of all transformations are found to be in more rural than urban settings, with the non-transformative organizations located in rural settings 62% of the time and dehybridized organizations located in rural areas 51% of the time. Community Interest Companies tend to cluster around four main industry sectors: business services; media and broadcasting; public administration, education, and healthcare; and travel, personal and leisure, with the highest enrollment of all types of Community Interest Company transformations within the public administration, education, and healthcare industry.

		<b>Firm Categorical Variables</b>				
		<b>Dehybridized</b>	<b>Pivoted</b>	<b>Hybridized</b>	<b>No Transfor- mation</b>	<b>Dissolved</b>
Firm Geography	Rural	70	595	1287	10670	5541
	Urban	65	469	930	6592	3764
Firm Size	No Employees	9	241	326	8847	5604
	Self-Employed	49	493	1151	5644	3340
	Small (2-19 Employees)	63	290	633	2574	349
	Medium (20-99 Employees)	14	26	79	172	9
	Large (100+ Employees)	0	14	28	25	3
Industry Sector	All Other	13	129	311	2361	2731
	Business Services	17	145	350	2423	1186
	Media and Broadcasting	3	42	103	650	313
	Public Administration, Education, and Healthcare	68	462	812	7244	3022
	Travel, Personal and Leisure	34	286	641	4584	2053

Table 2: Firm Categorical Variables

Panel C breaks down the board heterogeneity variable through organizational transformations and heterogeneity characteristics such as: gender, title, education, occupation, nationality, directorships, age, and tenure. The range for the diversity index for categorical variables is between 0.5 and 1, and the range for the diversity index for continuous variables is between 0 and 0.5, therefore the range for the overall heterogeneity index is between 0.5 and 1.5, with 1.5 being the most heterogeneous.

Organizations which dehybridized were found to have the most heterogeneous boards with an average index of 1.28. Pivoted organizations were found to have slightly less heterogeneous boards with an average index of 1.22, with hybridized organizations a similar average of 1.21. Non-transformative boards were even less heterogeneous, with an index average of 1.16, and dissolved organizations had the least heterogeneous boards, with the lowest average index of 1.09.

Board Heterogeneity Characteristics	Dehybridized				
	N	Mean	s.d.	25th Percentile	75th Percentile
Blau Gender	135	0.69	0.08	0.68	0.74
Blau Title	135	0.54	0.06	0.50	0.58
Blau Education	122	0.84	0.06	0.75	0.89
Blau Occupation	135	0.95	0.02	0.94	0.96
Blau Nationality	133	0.87	0.02	0.86	0.87
Blau Directorships	135	0.91	0.03	0.90	0.93
Diversity Index for Categorical Variables	122	0.80	0.02	0.79	0.82
Director Age Coefficient Variation	123	0.21	0.07	0.17	0.25
Director Tenure Coefficient Variation	129	0.73	0.24	0.60	0.85
Diversity Index for Continuous Variables	123	0.46	0.13	0.40	0.53
<b>Heterogeneity Index</b>	115	1.28	0.11	1.20	1.34
	Pivoted				
	N	Mean	s.d.	25th Percentile	75th Percentile
Blau Gender	1057	0.64	0.11	0.50	0.74
Blau Title	1057	0.52	0.06	0.50	0.50
Blau Education	827	0.81	0.06	0.75	0.88
Blau Occupation	1057	0.94	0.02	0.90	0.96
Blau Nationality	1052	0.86	0.02	0.86	0.86
Blau Directorships	1057	0.88	0.05	0.86	0.93
Diversity Index for Categorical Variables	824	0.78	0.03	0.76	0.80
Director Age Coefficient Variation	731	0.21	0.10	0.14	0.27
Director Tenure Coefficient Variation	831	0.64	0.30	0.45	0.82
Diversity Index for Continuous Variables	744	0.41	0.17	0.30	0.52
<b>Heterogeneity Index</b>	629	1.22	0.18	1.11	1.33

	<b>Hybridized</b>				
	<b>N</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Blau Gender	2055	0.64	0.11	0.50	0.74
Blau Title	2174	0.52	0.05	0.50	0.50
Blau Education	1576	0.81	0.06	0.75	0.88
Blau Occupation	2174	0.93	0.03	0.90	0.95
Blau Nationality	2168	0.86	0.02	0.86	0.86
Blau Directorships	2174	0.88	0.05	0.80	0.92
Diversity Index for Categorical Variables	1492	0.78	0.03	0.76	0.80
Director Age Coefficient Variation	1492	0.21	0.11	0.14	0.26
Director Tenure Coefficient Variation	1626	0.68	0.32	0.47	0.88
Diversity Index for Continuous Variables	1541	0.42	0.19	0.30	0.55
<b>Heterogeneity Index</b>	1270	1.21	0.20	1.10	1.34
	<b>Non-Transformative</b>				
	<b>N</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Blau Gender	17093	0.62	0.11	0.50	0.72
Blau Title	17125	0.52	0.06	0.50	0.50
Blau Education	12018	0.80	0.06	0.75	0.87
Blau Occupation	17123	0.93	0.03	0.90	0.95
Blau Nationality	17023	0.86	0.02	0.86	0.86
Blau Directorships	17125	0.86	0.05	0.80	0.90
Diversity Index for Categorical Variables	11954	0.77	0.03	0.74	0.79
Director Age Coefficient Variation	6740	0.21	0.11	0.13	0.27
Director Tenure Coefficient Variation	9044	0.54	0.31	0.30	0.74
Diversity Index for Continuous Variables	6938	0.37	0.18	0.24	0.49
<b>Heterogeneity Index</b>	5517	1.16	0.18	1.04	1.29
	<b>Dissolved</b>				
	<b>n</b>	<b>Mean</b>	<b>s.d.</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Blau Gender	8841	0.62	0.11	0.50	0.72
Blau Title	8946	0.51	0.05	0.50	0.50
Blau Education	5621	0.79	0.06	0.75	0.86
Blau Occupation	8946	0.93	0.03	0.90	0.95
Blau Nationality	8755	0.86	0.01	0.86	0.86
Blau Directorships	8943	0.85	0.05	0.80	0.90
Diversity Index for Categorical Variables	5467	0.77	0.03	0.74	0.79

Director Age Coefficient Variation	6476	0.21	0.12	0.11	0.28
Director Tenure Coefficient Variation	5209	0.60	0.34	0.35	0.81
Diversity Index for Continuous Variables	6736	0.31	0.21	0.12	0.47
<b>Heterogeneity Index</b>	<b>4780</b>	<b>1.09</b>	<b>0.21</b>	<b>0.91</b>	<b>1.25</b>

Table 3: Board Heterogeneity Characteristics

## RESULTS

This paper examines the role of governance in dehybridization through board heterogeneity of four organizational transformations including: dehybridizing, pivoting, hybridizing, dissolution and non-transformation. In the study of 33,350 Community Interest Companies, there were 13,950 instances of dehybridization, 135 active dehybridized; 1064 pivoted; 2,217 hybridized; 9,305 dissolved and 17,262 that did not transform. The companies which dehybridized had more heterogeneous boards than all other transformations which will be shown through multinomial logistic regressions and chi-squared tests in the next sections.

Means, Standard Deviations, and Correlations of Key Variables												
Variable	n	Mean	s.d.	1	2	3	4	5	6	7	8	9
1. Dependent Variable of CIC Outcomes	33,350	3.73	1.43									
2. Company Tenure Total Days	33,350	1418.79	1435.72	-.181**								
3. Number of Employees Last Available Year	17,889	4.88	52.89	-.021**	.073**							
4. Current Directors	33,350	1.88	2.01	-.118**	.195**	.122**						
5. Director Turnover (%)	33,342	0.45	0.44	.126**	.177**	.002	-.548**					
6. Log Assets	16,433	3.403	1.262	.008	.220**	.139**	.261**	-.087**				
7. Firm Geography	33,350	0.40	0.49	-.008	-.027**	0.012	-.040**	.011*	.001			
8. Firm Size	33,350	0.65	0.75	-.114**	.555**	.272**	.296**	.021**	.280**	-.042**		
9. Industry Sector	33,350	2.37	1.46	-.021**	.062**	0.01	.110**	-.129**	.002	-.008	.115**	
10. Heterogeneity Index	13,934	1.14	0.20	-.101**	.277**	.034**	.207**	.044**	.141**	-.005	.234**	.053**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Table 4: Means, Standard Deviations, and Correlations of Key Variables

### Board Heterogeneity and Dehybridizing

To explore the effect of board heterogeneity in the context of Community Interest Companies dehybridizing, I estimate the following model:

$$\begin{aligned}
Dehybridized = & \beta_0 + \beta_1 HeterogeneityIndex_{it} + \beta_2 CompanyTenureTotal \\
& + \beta_3 NumberofEmployees + \beta_4 NumberofCurrentDirectors \\
& + \beta_5 DirectorTurnover + \beta_6 LogAssets + \beta_7 IndustrySectorDummies \\
& + \beta_8 FirmGeographyDummies + \beta_9 FirmSizeDummies
\end{aligned}$$

I define dehybridizing (*Dehybridized*) as a binary variable coded as 1 if the Community Interest Company transforms into a new organizational form such as a charity, guarantee, or charitable incorporated organization in year *t*. Heterogeneity measures (*HeterogeneityIndex*) are defined in Appendix A, Panel A, with an example of the formula in Panel B. Consistent with prior research, I control for firm performance through (*LogAssets*), as well as controlling for other characteristics that may lead to company transformation such as: company tenure (*CompanyTenureTotal*), number of employees (*NumberofEmployees*), board size (*NumberofCurrentDirectors*), director turnover (*DirectorTurnover*), company industry (*IndustrySectorDummies*), company geography (*FirmGeographyDummies*), and firm size (*FirmSizeDummies*).

#### Multinomial Logistic Regression Results of Transformations

Variable	B(Std Error)	95% C.I. for EXP(B)		
		Lower	Odds Ratio	Upper
Heterogeneity Index	2.807(-0.788)***	3.533	16.559	77.624
Company Tenure Total Days	0.000(0)***	1	1	1
Number of Employees Last Available Year	0.014(-0.012)	0.991	1.014	1.038
Number of Current Directors	0.790(-0.056)***	1.973	2.204	2.462
Director Turnover (%)	-1.935(-0.548)***	0.049	0.144	0.423
Log Assets	0.989x(-0.128)***	2.09	2.688	3.458
Industry Sector - All Other	-2.074(-0.443)***	0.053	0.126	0.3
Industry Sector - Business Services	-1.530(-0.445)**	0.09	0.216	0.518
Industry Sector - Media & Broadcasting	-0.164(-0.665)	0.231	0.849	3.126
Industry Sector - Admin/Healthcare/Education	-0.043(-0.258)	0.578	0.958	1.588
Industry Sector - Travel, Personal and Leisure	-			
Firm Geography - Rural	-0.174(-0.221)	0.545	0.84	1.295
Firm Geography - Urban	-			
Firm Size - No Employees	51.733(-1.254)***	2.51E+21	2.93E+22	3.42E+23
Firm Size - Self-Employed	54.379(-0.737)***	9.76E+22	4.14E+23	1.75E+24
Firm Size - Small (2-19 Employees)	55.006(-0.675)***	2.06E+23	7.74E+23	2.91E+24
Firm Size - Medium (20-99 Employees)	53.72(0)	2.14E+23	2.14E+23	2.14E+23
Firm Size - Large (100+ Employees)	-			
Intercept	-64.387(-1.317)***			

<b>Rebranded</b>				
<b>Variable</b>	<b>B(Std Error)</b>	<b>95% C.I. for EXP(B)</b>		
		<b>Lower</b>	<b>Odds Ratio</b>	<b>Upper</b>
Heterogeneity Index	2.085(-0.399)***	3.682	8.048	17.589
Company Tenure Total Days	0.000(0)**	1	1	1
Number of Employees Last Available Year	-0.001(-0.002)	0.996	0.999	1.002
Number of Current Directors	0.582(-0.052)***	1.616	1.789	1.981
Director Turnover (%)	-3.247(-0.308)***	0.021	0.039	0.071
Log Assets	0.442(-0.058)***	1.389	1.556	1.743
Industry Sector - All Other	-1.103(-0.218)***	0.216	0.332	0.509
Industry Sector - Business Services	-0.630(-0.215)*	0.35	0.533	0.811
Industry Sector - Media & Broadcasting	0.585(-0.32)	0.958	1.794	3.36
Industry Sector - Admin/Healthcare/Education	-0.002(-0.16)	0.73	0.998	1.366
Industry Sector - Travel, Personal and Leisure	-			
Firm Geography - Rural	-0.054(-0.128)	0.737	0.948	1.219
Firm Geography - Urban	-			
Firm Size - No Employees	-3.356(-1.158)*	0.004	0.035	0.338
Firm Size - Self-Employed	-0.249(-1.057)	0.098	0.78	6.186
Firm Size - Small (2-19 Employees)	0.322(-1.052)	0.176	1.38	10.849
Firm Size - Medium (20-99 Employees)	-0.459(-1.085)	0.075	0.632	5.295
Firm Size - Large (100+ Employees)	-			
Intercept	-3.989(-1.182)**			
<b>No Transformation</b>				
<b>Variable</b>	<b>B(Std Error)</b>	<b>95% C.I. for EXP(B)</b>		
		<b>Lower</b>	<b>Odds Ratio</b>	<b>Upper</b>
Heterogeneity Index	1.444(-0.301)***	2.351	4.24	7.646
Company Tenure Total Days	0.000(0)**	1	1	1
Number of Employees Last Available Year	-0.002(-0.002)	0.995	0.998	1.001
Number of Current Directors	0.622(-0.048)***	1.695	1.862	2.046
Director Turnover (%)	-4.019(-0.253)***	0.011	0.018	0.029
Log Assets	0.430(-0.42)***	1.417	1.537	1.667
Industry Sector - All Other	-1.000(-0.161)***	0.268	0.368	0.505
Industry Sector - Business Services	-0.399(-0.159)*	0.491	0.671	0.917
Industry Sector - Media & Broadcasting	0.293(-0.261)	0.803	1.34	2.234
Industry Sector - Admin/Healthcare/Education	-0.117(-0.128)	0.693	0.89	1.143
Industry Sector - Travel, Personal and Leisure	-			
Firm Geography - Rural	0.257(-0.1)**	1.062	1.293	1.574
Firm Geography - Urban	-			
Firm Size - No Employees	-2.522(-1.055)*	0.01	0.08	0.635
Firm Size - Self-Employed	0.446(-1.033)	0.206	1.562	11.825
Firm Size - Small (2-19 Employees)	0.863(-1.03)	0.315	2.37	17.826
Firm Size - Medium (20-99 Employees)	0.344(-1.047)	0.181	1.411	10.977
Firm Size - Large (100+ Employees)	-			
Intercept	-0.952(-1.104)			

<b>Hybridized</b>				
<b>Variable</b>	<b>B(Std Error)</b>	<b>95% C.I. for EXP(B)</b>		
		<b>Lower</b>	<b>Odds Ratio</b>	<b>Upper</b>
Heterogeneity Index	2.264(-0.346)***	4.888	9.623	18.943
Company Tenure Total Days	0.000(0)***	1	1	1
Number of Employees Last Available Year	-0.001(-0.002)	0.996	0.999	1.002
Number of Current Directors	0.495(-0.05)***	1.488	1.64	1.809
Director Turnover (%)	-3.767(-0.279)***	0.013	0.023	0.04
Log Assets	0.468(-0.049)***	1.45	1.597	1.759
Industry Sector - All Other	-0.864(-0.183)***	0.294	0.421	0.603
Industry Sector - Business Services	-0.207(-0.178)	0.574	0.813	1.152
Industry Sector - Media & Broadcasting	0.411(-0.292)	0.851	1.508	2.672
Industry Sector - Admin/Healthcare/Education	-0.207(-0.144)	0.613	0.813	1.077
Industry Sector - Travel, Personal and Leisure	-			
Firm Geography - Rural	0.071(-0.113)	0.86	1.074	1.341
Firm Geography - Urban	-			
Firm Size - No Employees	-3.624(-1.056)**	0.003	0.027	0.212
Firm Size - Self-Employed	-0.575(-1)	0.079	0.563	3.995
Firm Size - Small (2-19 Employees)	-0.128(-0.996)	0.125	0.879	6.198
Firm Size - Medium (20-99 Employees)	-0.315(-1.019)	0.099	0.73	5.377
Firm Size - Large (100+ Employees)	-			
Intercept	-3.277(-1.098)**			

<b>Dissolved</b>				
<b>Variable</b>	<b>B(Std Error)</b>	<b>95% C.I. for EXP(B)</b>		
		<b>Lower</b>	<b>Odds Ratio</b>	<b>Upper</b>
Heterogeneity Index	-0.288(-0.247)	0.462	0.75	1.218
Company Tenure Total Days	0.000(0)***	0.999	1	1
Number of Employees Last Available Year	-0.001(-0.002)	0.995	0.999	1.002
Number of Current Directors	-2.350(-1.005)*	0.013	0.095	0.684
Director Turnover (%)	8.607(-4.629)	0.628	5469.285	4.76E+07
Log Assets	0.141(-0.038)***	1.07	1.152	1.24
Industry Sector - All Other	-0.545(-0.16)***	0.423	0.58	0.794
Industry Sector - Business Services	-0.420(-0.15)**	0.49	0.657	0.881
Industry Sector - Media & Broadcasting	-0.059(-0.252)	0.575	0.943	1.545
Industry Sector - Admin/Healthcare/Education	-0.197(-0.124)	0.644	0.821	1.046
Industry Sector - Travel, Personal and Leisure	-			
Firm Geography - Rural	0.406(-0.096)***	1.243	1.501	1.813
Firm Geography - Urban	-			
Firm Size - No Employees	0.505(1.118)	0.185	1.657	14.816
Firm Size - Self-Employed	0.759(-1.097)	0.249	2.137	18.36
Firm Size - Small (2-19 Employees)	0.628(-1.097)	0.218	1.874	16.088
Firm Size - Medium (20-99 Employees)	-0.135(-1.191)	0.085	0.873	9.021
Firm Size - Large (100+ Employees)	-			
Intercept	-7.086(-4.76)			

Observed were 9,360 companies

\*  $p < 0.05$

\*\*  $p < 0.01$

\*\*\*  $p < 0.001$

Table 5: Multinomial Logistic Regression Results

To test H1, I first analyzed the four organizational transformations and one non-transformation through a multinomial logistic regression to compare the significance of the heterogeneity index. Then I used the chi-squared test to analyze the effect size between more and less heterogeneous boards in the organizational transformations. Table 5 presents the results of the multinomial regression, which finds the board heterogeneity index to be a significant predictor in four out of five organizational transformations of dehybridized, pivoted, hybridized, and non-transformative. The dehybridized transformation had the largest heterogeneity effect size of nearly 17 times when controlled for company size, industry, geography, board size and tenure and financial performance. This means that for every one-unit increase in board heterogeneity, the predicted odds of falling into the target group change by a factor of 16.559, at 95% confidence.

#### Chi-Squared Test

		Least Heterogeneous	Most Heterogeneous	Total	Odds Ratios
<b>Dehybridized Active</b>	Count	1	58	59	
	Expected Count	29.4	29.6	59.0	
	Standardized Residual	-5.2	5.2		58.725
<b>Rebranding Active</b>	Count	79	232	311	
	Expected Count	155.2	155.8	311.0	
	Standardized Residual	-6.1	6.1		3.0596
<b>Hybridized Active</b>	Count	195	485	680	
	Expected Count	339.4	340.6	680.0	
	Standardized Residual	-7.8	7.8		2.063
<b>No Transformation Active</b>	Count	1087	1432	2519	
	Expected Count	1257.2	1261.8	2519.0	
	Standardized Residual	-4.8	4.8		1.512
<b>Sustained Hybrid Dissolved</b>	Count	1773	956	2729	
	Expected Count	1362.0	1367.0	2729.0	
	Standardized Residual	11.1	-11.1		0.3685
<b>All Other</b>	Count	430	415	845	
	Expected Count	421.7	423.3	845.0	
	Standardized Residual	0.4	-0.4		0.9566
<b>Total</b>	Count	3565	3578	7143	
	Expected Count	3565.0	3578.0	7143.0	

Table 6: Chi-Square Test Results of Board Heterogeneity Chi-Square of 546.101 ( $p < 0.001$ ) with  $[df = 5]$ ,  $n = 7,143$  and Cramer's  $V = 0.277$  ( $p = 0.001$ ).

The omnibus tests of model coefficients show the model to be significant with  $p < 0.001$  with the chi-squared of 10,422.603 [df = 75]. Therefore, the first step in answering the hypothesis that board heterogeneity is a significant predictor of the dehybridization transformation is supported with an odds ratio of 16.559 ( $p < 0.001$ ).

Table 6 shows the results of the chi-squared tests showing that Community Interest Companies that dehybridize are 58 times more likely to have a more heterogeneous board than companies going through any other transformation. This is further analyzed by the chi-squared statistic of 546.101 ( $p < 0.001$ ) with [df = 5] which is a highly significant value, indicating that the board heterogeneity is significantly associated with the type of company transformation. The symmetric measures of Cramer's  $V = 0.277$  ( $p < 0.001$ ) represents a medium association with a high significance. These tests confirm that the level of board heterogeneity has a significant impact on the company transformation within Community Interest Companies in the United Kingdom.

### **Robustness**

The process of fitting a multinomial logistic regression is based on the principle of parsimony (Field, 2017), that requires three assumptions to be met to build a model with the best fit. The first assumption is to have independent observations where the dependent variable should have mutually exclusive and exhaustive categories. Table 2 shows the means, standard deviations and correlations of key variables and the dependent variables had group exclusivity.

The second assumption is that there needs to be a linear relationship between any continuous independent variables and the logit transformation of the dependent variable. This assumption can be easily tested by creating a graph and visually discerning if the data is near the line of best fit. All the independent variables, including the controls and

heterogeneous indices were tested and found to have linear relationships with no minimal influential points such as outliers.

Finally, there should be no multicollinearity, and this occurs when there are two or more independent variables that are highly correlated with each other. This has been dealt with by both doing a spearman correlation analysis and, more robustly, calculated via a collinearity statistic through a linear regression on all individual independent variables (Field, 2017). It was found that all the independent variables used in this study have a VIF of under three, which means that there are no multicollinearity issues that may impact the interpretation of the regressions.

### **Summary of Results**

The hypothesis that Community Interest Companies which dehybridize are likely to have more heterogeneous boards than companies which resolved their tensions through pivoting, hybridizing, sustaining hybridity or dissolving was supported based on both the multinomial logistic regression model and chi-squared test. The multinomial logistic regression model supported the significance of the board heterogeneity index with an Odds Ratio of 16.559 ( $p < 0.001$ ) when controlled for several variables. Building on the significance of board heterogeneity, one step further was comparing most to least heterogeneous boards as a significant predictor of the dehybridizing transformation with a chi-squared test odds ratio of 58.725 ( $p < 0.001$ ).

## **DISCUSSION**

In this section, I address the contribution that this study makes to the literature on organization theory and managing hybridity in social enterprises.

### **How Dehybridization Contributes to Organization Theory**

This paper on dehybridization in social enterprises contributes to organization theory in two main ways: first, it shows how structural organizational factors—in this

case board heterogeneity—can affect the likelihood of dehybridization; second, it substantiates the concept of dehybridization by linking it to a well-understood property of organizations. Current organizational literature has defined organizational hybridity to involve hybridization and hybrid organizing, and the management of hybridity. I introduce dehybridization, a complementary concept of the organizational hybridity equation. This paper provides hybrid organizations new avenues of organizational transformation that addresses some of the challenges that current literature speaks of such as mission drift. Organization theory stipulates that the combination of organizational logics and forms leads to unique possibilities and tensions. Scholars proposed that the combination of disparate organizational elements may, under certain conditions, provide greater opportunities for transformation (DeJordy et al., 2014), as well as for flexibility in adapting to changing environments (Stark, 2017). This paper suggests that the realization of these adaptive organizations can be seen through the process of dehybridization, where hybrids have five transformations as seen in figure 3.

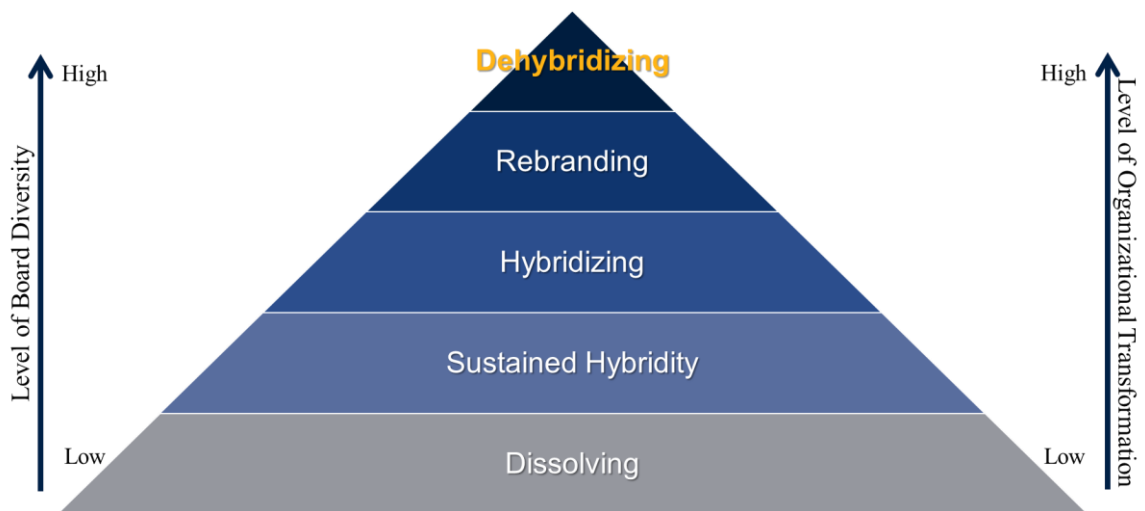


Figure 3: Board Heterogeneity Findings

### **Contribution to Literature on Managing Hybridity in Social Enterprises**

This study clearly shows the importance of board heterogeneity in the dehybridization of social enterprises. When representing different types of stakeholders,

boards are expected to play a role in balancing divergent expectations and interests from key actors such as investors and beneficiaries (Huybrechts, 2010; Pache & Santos, 2010). In this vein, boards become an intermediary between organizations and their external environments, acting as carriers of pressures from the environment while simultaneously being a buffer for the organization from these pressures. Therefore, choosing members of the board becomes incredibly important, especially in the case of social enterprises where there are numerous tensions to manage. Tensions and power imbalances between different subgroups can make it difficult to achieve a clear purpose and may block decision-making processes (Crucke & Knockaert, 2016; Spear & Bidet, 2005), thus ultimately not solving governance challenges but exacerbating them.

This study provides a deeper understanding of the boards of social enterprises and shows that heterogeneity does not exacerbate internal tensions but may instead facilitate transformative strategies. Social enterprises that dehybridize go through the largest transformation as the organization changes its legal structure along with its organizational logics, forms, and practices. This high level of change and transformation corresponds to the highest levels of board heterogeneity among Community Interest Company transformations. For those scholars and practitioners most interested in managing tensions in social enterprises (Battilana, Sngul, et al., 2015; Smith et al., 2013), medium levels of board heterogeneity match most closely with companies that experienced no transformations. In this case it seems that less is more in terms of keeping the status quo in social enterprises.

### **Practical Implications of Board Heterogeneity and Dehybridization**

Until now, I have little empirical evidence about the significance of board governance in social enterprises, the functions the boards fulfil, the composition of the boards, and how board governance enables social enterprises to thrive. The process of

dehybridization provides social entrepreneurs with several strategies for transforming their social enterprises through their board composition. Social enterprise boards are subjects that attract great attention from those seeking to decide whether an organization should be eligible for applications for grants or government contracts (Low, 2006; Walmsley, 2003). External parties demand evidence that demonstrates social enterprise's democratic legitimacy through stakeholder involvement at the highest levels of the organization (Pearce, 2003). The skills and expertise of the board are crucial for organizational survival, and social entrepreneurs should take care in choosing the directors wisely.

### **Limitations and Future Research**

Although this study contributes to research on social enterprises and hybrid organizations more broadly, it has a few limitations that need to be acknowledged and which provide opportunities for future research. One such limitation is that the Community Interest Company boards are quite small and may suggest the possibility that relying on this kind of understanding may be limited and may be useful to better characterize these boards as involving interpersonal dynamics. A second limitation is that legal organizational form change may not be the most conclusive proxy for measuring dehybridization. While it is acknowledged that the legal organizational form change is procedurally complex and constitutes a great deal of time and resources for Community Interest Companies, it is not 100 percent conclusive. Some Community Interest Companies may continue to foster multiple logics, and identities even though their legal structure and organizational form has simplified to a charity, CIO, or limited company. The third limitation is the country-specific nature of this data. A note for future research would be to compare how social enterprise dehybridization is affected by board heterogeneity in other countries and extrapolate the results found in this study.

It would be interesting to compare the effects of board heterogeneity and its impact on hybrid organizations that are not social enterprises to see if similar results are found. It may also be worth noting to do more in-depth analysis at the board level and interview directors to see what strategies were executed and how successful they were and if they had numerous tensions and pressures to contend with. Understanding how and which external factors magnify or suppress the effects of hybrid tensions could be studied by looking at changes in government policies and their impact on industry practices during economic shocks. It is highly plausible, for example, that the consequences of firm outcomes depend on the external context within which the organization finds itself and the ecological characteristics of the population, such as the size and age of the industry in which it competes.

## **CONCLUSION**

In the world of social enterprises, an important problem is understanding the transformation from more to fewer hybrid identities, logics, and forms, and how it occurs. This transformation is conceptualized as the process of dehybridization and is defined as an organizational transformation integrating fewer logics than previously. Social enterprises combine the institutional logics that are materialized in two or more organizational forms (Haveman & Rao, 2006; Santos & Eisenhardt, 2005). Organizational scholars have largely focused on understanding the ways in which social enterprises manage their hybridity and have overlooked the process of dehybridization. Understanding dehybridization is important because the process has lasting consequences for social enterprises, the people involved, and the communities.

Organizational theory has much to add to understanding the transformations of social enterprises. Dehybridization offers a well-suited lens to the breaking down of traditional boundaries. Furthermore, the study of hybrids and social enterprises presents

an opportunity to question some of our basic assumptions about the unified nature of organizational forms, a theoretical agenda that extends beyond social enterprise into a larger population of organizations that combine forms in adaptive ways. This is a first step towards advancing a more empirically anchored research agenda that investigates governance, starting from concrete experiences and practices of organizations. This view can further our understanding at a theoretical level of how the changing organizational landscape influences governance, and this, in turn, can better serve the advancement of good practices in organizations. Our research also responds to the increasingly diverse needs of people inhabiting organizations that demand variety within capitalism in order to build effective and well-governed organizations.

This paper argues that the role of governance is integral in understanding the dehybridization of social enterprises. To do this, the paper developed a study on Community Interest Companies in the United Kingdom to understand the role of governance in the process of dehybridization. This study has shown that dehybridization outcomes are greatly affected by board heterogeneity and that the more diverse boards, the more adaptive the organization becomes. Community Interest Companies that are dehybridizing are 4.5 times more likely to have a heterogeneous board than those that are rebranding or failing or not transforming at all. In advancing the concept of dehybridization, this paper hopes to stimulate further work that sheds light on hybrid organizations and how their transformative possibilities might be realized.

**PAPER 3 – HOW EXOGENOUS SHOCKS AFFECT THE MANAGEMENT OF  
HYBRID TENSIONS IN SOCIAL ENTERPRISES**

**ABSTRACT**

Although organizations of all kinds have been affected by shocks such as the financial crisis, Brexit, and the Covid-19 pandemic, relatively little research has examined the transformative implications of these shocks for social enterprises. This paper addresses this gap by drawing on a longitudinal study of 42,131 Community Interest Companies in the United Kingdom from 2005 to 2021. Using quasi-experimental design, this paper addresses how the 2007-2008 Financial Crisis, the Brexit Referendum, and the Covid-19 lockdown affect the management of hybrid tensions in social enterprises. This paper finds evidence that Community Interest Companies (CICs) that did not dissolve were more likely to transform through dehybridizing after the Financial Crisis and Brexit Vote, and by pivoting after the Financial Crisis. This paper also finds that CICs that dehybridized following these shocks had higher turnover, net tangible assets, and/or profits in comparison to companies that pivoted, dissolved, or had no transformations. Finally, the paper shows that CICs that dehybridized or pivoted prior to an exogenous shock performed better financially than companies that dissolved or had no transformations. The insights from this study contribute to hybrid organizing research, business practice, and policymaking.

## INTRODUCTION

Organizations frequently face exogenous shocks, which are “low-probability, high-impact event[s]” caused by factors external to the organization “that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that divisions must be made swiftly” (Hermann & Dayton, 2009; Parker, 2008; Pearson & Clair, 1998). Exogenous shocks such as the COVID-19 pandemic, the 2007-2008 global financial crisis, and the Brexit referendum represent notable examples of crises that significantly affect social enterprises in the United Kingdom (Bryon & Peterson, 2002; Williams & Shepherd, 2018). Exogenous shocks like these can affect all levels of an organization, from individual workers to stakeholders, and can span entire industries and countries (Hermann & Dayton, 2009; Parker, 2008) with varied effects on different organizations (Smart & Vertinsky, 1984). In this way, exogenous shocks are unique in the scale and scope of their impact and have challenges for even the most stable organizational forms. Divergent stakeholder interests can be even more varied during times of organizational shock and can influence internal organizational dynamics (Crosina & Pratt, 2019; Klein & Eckhaus, 2017).

Exogenous shocks stress all organizations, but the effects on social enterprises may be especially profound due to the potentially fragile business models associated with social enterprises. Social enterprises are hybrid organizations that combine “the institutional logics that are materialized in two or more organizational forms” (Haveman & Rao, 2006, p.974). This process of materializing two or more organizational forms is called hybridization, and it involves the process of combining logics, identities, forms, or procedures (Battilana & Lee, 2014; Battilana et al., 2012; Battilana, Sengul, Pache, & Model, 2015). Social enterprises face distinctive organizing challenges associated with the trade-offs between their potentially divergent stakeholder interests (Daily et al., 2003;

Ebrahim et al., 2014; Santos & Eisenhardt, 2005). Social enterprises represent a context in which the organizations face several internal tensions with multiple significant stakeholders (Haigh & Hoffman, 2012; Mair et al., 2015) with different objectives, some of which can enforce their interests and others who cannot. Managing social enterprises is made complex and demanding by their hybridity, and thus, exogenous shocks may put additional strain on the organization, which they may try to relieve by dealing with the tensions caused by their hybridity.

One way in which social enterprises may respond to hybrid tensions caused by exogenous shocks is through organizational transformations. Current literature has focused on three main responses of social enterprises to hybrid tensions: maintaining hybridity, pivoting, and mission drift. Maintaining hybridity has been commonly structured in two ways: segregating core missions and activities or combining core processes and identities (Kraatz & Block, 2008; Oliver, 1991; Pache & Santos, 2010; Pratt & Foreman, 2000). A second strategy for maintaining hybrid tensions is pivoting, which incorporates the creation of new elements that may include different logics, identities, and or forms than any of the previous organizations separately (Battilana & Lee, 2014; Dalpiaz et al., 2016; Ebrahim et al., 2014; Murray, 2010; Sabeti, 2011). The third response highlighted by research has been unintentionally drifting from one logic in favour of another – a risk referred to as mission drift (Ebrahim et al., 2014; Grimes et al., 2019).

An important but relatively unexamined factor in the relationship between exogenous shocks and social enterprises involves shifting away from the hybrid form by shedding rather than gaining or maintaining logics. This paper introduces dehybridization as an organizational transformation in response to hybrid tensions in social enterprises. This paper defines dehybridization as an organizational transformation through which an

organization integrates new or fewer logics, identities, or forms than previously. Research on hybrid organizations has tended to focus on understanding how hybrid organizations hybridize (Battilana et al., 2017; Besharov & Mitzinneck, 2020) or manage their hybridity (Grimes et al., 2019; Pache & Santos, 2013) and have consequently overlooked the process of dehybridization. Additionally, the various ways exogenous shocks affect social enterprises and their dehybridization remains largely unaddressed in the literature. As stated above, dehybridization involves the shedding of logics, and thus may require managing the needs and interests of divergent stakeholder groups. Understanding dehybridization is important because the process is transformative for social enterprises, the people involved, and the communities.

To explore how social enterprises respond to exogenous shocks, I draw on a longitudinal dataset of 39,634 Community Interest Companies in the United Kingdom from 2005 to 2020. Community Interest Companies are a type of social enterprise established to trade for the good of the community rather than to make a profit for the owners. The category was created to respond to the growing need for a formalized social enterprise structure in the United Kingdom. Two main features characterize Community Interest Companies: (1) the asset lock and (2) the Community Interest Statement and Report (Nicholls, 2008). The asset lock describes the restriction that the organization's assets and profits must be permanently retained within the Community Interest Company and used solely for community benefit or transferred to another organization with an asset lock (Yunus et al., 2010). The Community Interest Statement and Report describes how and to whom the company will provide benefit to the community, and this information is publicly available. Community Interest Companies represent an ideal research context to study dehybridization because their clear legal, financial, and organizational boundaries allow easier comparisons over time and the logics they employ.

This paper uses quasi-experimentation of Community Interest Companies to understand the effect of exogenous shocks. Quasi-experimentation is used because of the logic that an exogenous shock is akin to an experimental treatment, which enables a before-and-after analysis, with each firm acting as its control for characteristics consistent across time (Ketokivi & McIntosh, 2017). However, in the absence of random assignment, the design is sometimes labelled a quasi-experiment (Campbell, 1979). Such models can be effective in making causal claims (Antonakis, Bendahan, Jacquart, & Lalive, 2010) if there are meaningful exogenous shocks that have an impact of theoretical interest (Ketokivi & McIntosh, 2017). This paper studies three relevant exogenous shocks within the United Kingdom in the study period between 2005 and 2020: the 2007-2008 financial crisis, the 2016 Brexit vote, and the 2020 Covid-19 lockdown. The research proposes that hybrid organizations exhibiting different levels of integration between their social and commercial activities may undergo diverse organizational transformations when faced with varying exogenous shocks (Battilana & Lee, 2014).

In brief, this paper finds a strong link between exogenous shocks and organizational transformation in the context of Community Interest Companies in the United Kingdom. This study shows that exogenous shocks are of importance when studying social enterprises as a context for organizational transformations. This paper shows that Community Interest Companies are more likely to respond to exogenous shocks through organizational transformations of dehybridization, pivoting, or dissolving following an exogenous shock than prior to the shock. This paper also supports the hypothesis that dehybridized companies have a significantly higher turnover, net tangible assets and/or profits during the three exogenous shocks in comparison to companies that pivoted, dissolved or had no transformations. Finally, this study provides evidence that

companies which dehybridized or pivoted prior to an exogenous shock significantly performed better financially than companies which dissolved or did not transform.

## **THEORY DEVELOPMENT AND HYPOTHESES**

In this section, I draw on previous research to develop the hypotheses tested in this study to examine how organizational transformations respond to exogenous shocks in social enterprises. The section begins by developing a theory on hybrid tensions in social enterprises and why transformations might be a likely response. Then the types of transformations and impact of exogenous shocks on the responses of social enterprises are explored. Finally, the hypotheses that underpin this study are introduced and examined.

### **Exogenous Shocks and Social Enterprises**

To understand how exogenous shocks affect social enterprises, this section starts by understanding the variation in the form and intensity of exogenous shocks. Then, more closely examining social enterprises, and finally focusing on how exogenous shocks affect hybrid tensions in social enterprises.

#### ***Variation in the form and intensity of Exogenous shocks***

Although the circumstances surrounding exogenous shocks vary widely, from financial crises to pandemics, such events have in common that they appear suddenly and entail far-reaching consequences (Doern, Williams, & Vorley, 2019; Hällgren, Rouleau, & De Rond, 2018; Pereira, Temouri, Patnaik, & Mellahi, 2020; Wilson, Branicki, Sullivan-Taylor, & Wilson, 2010). An exogenous shock is defined as “a period of prolonged and widespread crisis in which actors struggle to reconstitute all aspects of social life” (Fligstein & McAdam, 2011), p.32). While a crisis is defined as a “perception that an individual or set of individuals faces a potentially negative outcome unless some type of corrective action is taken” involving a high degree of “importance, immediacy [,] and uncertainty“ (Dutton, 1986), p.502). Looking at organizations specifically, Hallgren

et al. (2018) also mention disrupted contexts which are “triggered by extreme events that occur outside the core activities of organizations or communities” (p.135). However, not all extreme events are highly disruptive, nor do they necessarily entail enduring social or organizational impacts of significant scale and scope (Hällgren & Buchanan, 2020; Hällgren et al., 2018). The focus of this paper lies on societally disruptive extreme events that involve (a) discontinuous and broad-based change in, and of, society, and (b) significant disruption at the organizational, industrial, and economic levels (Brammer, Branicki, & Linnenluecke, 2020; Kuckertz et al., 2020; Soluk, Kammerlander, & De Massis, 2021). In this context, the 2007-2008 financial crisis, the Brexit vote, and the Covid-19 pandemic provide a unique empirical context within which to examine the implications for business and society of societally disruptive exogenous shocks.

### *Social Enterprises*

Social enterprises share features of businesses and not-for-profit organizations, with both sets of features critical to accomplishing their goals (Mair & Martí, 2006). The survival of these organizations depends on both advancing their social mission and their commercial performance (Battilana et al., 2012; Mair et al., 2012; Nicholls, 2008). More specifically, social enterprises are defined by their: (1) social purpose – created to generate social impact and change by solving a social problem; (2) enterprise approach – uses business vehicles, innovation, competitiveness, and market approaches of a for-profit business; and (3) social ownership – with a focus on public good and stewardship (Mair & Martí, 2006). Social enterprises thus attempt to combine the best of both worlds: creating value for society in areas where markets and governments are failing and developing financially sustainable operations that leverage commercial transactions and enable reaching scale (Battilana & Lee, 2014; Battilana, Sengul, et al., 2015).

As hybrid organizations, social enterprises integrate multiple institutional logics, with those distinct logics imposing different and potentially conflicting demands (Battilana & Dorado, 2010; Besharov & Mitzinneck, 2020; Besharov & Smith, 2014; Haveman & Rao, 2006). Institutional logics are systems of cultural elements (values, beliefs, assumptions, and rules) by which people, groups, and organizations make sense of and evaluate their everyday activities and organize those activities in time and space (Friedland, 1991; Thornton & Ocasio, 2008; Thornton et al., 2012). A potentially conflicting set of demands faced by social enterprises stem from the impact on their missions of multiple contradictory organizational logics (Greenwood et al., 2011; Pache & Santos, 2013; Smith et al., 2013). Multiple logics present varied and often incompatible prescriptions, leading to uncertainty and contestation in organizational identity, structure, strategy, and individual action (Greenwood et al., 2011; Kraatz & Block, 2008; Pache & Santos, 2010; Thornton et al., 2012). Social enterprises thus represent a distinctively interesting context in which to explore how hybrid organizations manage these tensions (Battilana & Lee, 2014).

### ***How Exogenous Shocks Affect Hybrid Tensions in Social Enterprises***

To understand how exogenous shocks affect hybrid tensions within social enterprises, this paper draws on research on crisis and change and how major exogenous shocks unsettle the flow of economic processes and disrupt economic equilibrium (Crosina & Pratt, 2019; Li & Tallman, 2011). When scholars examine questions relevant to extra-organizational crises, they tend to focus on how such crises affect corporate strategy or performance (e.g., Smart & Vertinsky, 1984). These shocks affected international affairs and government strategies, and they commanded strategic adjustment in organizations the world over (Brown & Rocha, 2020; Kuckertz et al., 2020; Scheidgen, Gümüşay, Günzel-Jensen, Krlev, & Wolf, 2021). They also cause major distortions in

labour markets and render – at least for a time – many prevalent business models ineffective (Bolton & Oatley, 1987; Hayes & Nutman, 1981; Klein & Eckhaus, 2017; Price, Friedland, & Vinokur, 1998). Although business scholars widely accept the existence of exogenous shocks, their timing and severity cannot be forecast, and the extant literature overlooks how social enterprises should respond to crises (Doern et al., 2019; Saridakis, 2012).

Exogenous shocks stress all organizations, but the effects on social enterprises may be especially profound due to the potentially fragile business models associated with social enterprises. Social enterprises represent a context in which organizations face distinctive organizing challenges associated with the tensions between their potentially divergent multiple stakeholder interests (Daily et al., 2003; Ebrahim et al., 2014; Haigh & Hoffman, 2012; Mair et al., 2015; Santos & Eisenhardt, 2005) with different objectives, some of which can enforce their interests and others who cannot. Divergent stakeholder interests can be even more varied during times of organizational shock and can influence internal organizational dynamics. Crisis literature has focused on how individuals react to crises, such as layoffs (Bolton & Oatley, 1987; Hayes & Nutman, 1981; Price et al., 1998), legal and ethical issues (Klein & Eckhaus, 2017) or financial calamities (Crosina & Pratt, 2019) instead of organizational-level changes. Further, because such extra-organizational crises are inherently ambiguous and not bound to any one group of workers or organization, they could have varied effects on different organizations. However, the various ways in which extra-organizational crises affect social enterprises and their dehybridization remains largely unaddressed in the literature.

### **Social Enterprise Transformations in Response to Exogenous Shocks**

Building on the previous section on exogenous shocks affecting social enterprises, this section looks at understanding the transformations that occur as a result of the

shocks. This understanding begins with organizational transformations as a response to hybrid tensions in social enterprises. Finally, dehybridization is introduced as an organizational transformation response to hybrid tensions in social enterprises.

### ***Organizational Transformations as a Response to Hybrid Tensions in Social Enterprises***

Current literature has focused on three main responses of social enterprises to hybrid tensions: maintaining hybridity, pivoting, and mission drift. Maintaining hybridity has been commonly structured in two ways: segregating or combining (Kraatz & Block, 2008; Oliver, 1991; Pache & Santos, 2010; Pratt & Foreman, 2000). By segregating, the new hybrid must develop strategies to keep the two logics or forms from each other, thereby having two different organizational identities and sometimes forms. Studies suggest that social enterprises may reconcile competing logics by enacting a combination of activities drawn from each logic to secure an endorsement from a wide range of field-level actors (Greenwood et al., 2011). Because of how hybridization is structured, by either segregating or combining new elements, these changes can create numerous problems for the transforming organization.

A second strategy for maintaining hybrid tensions is pivoting, which incorporates the creation of new elements that may include different logics, identities, and or forms than any of the previous organizations separately (Battilana & Lee, 2014; Dalpiaz et al., 2016; Ebrahim et al., 2014; Murray, 2010; Sabeti, 2011). Pivoting allows social enterprises to manage hybridity in various ways, such as adapting to new markets, creating new products or services, or rebranding the organization. Understanding the complexities of hybrid entities and the necessary internal practices can aid the organization to focus on multiple logics (Battilana et al., 2010).

The third response highlighted by research investigating the management of hybrid tensions in social enterprises has been unintentionally drifting from one logic in

favour of another—a risk referred to as mission drift (Ebrahim et al., 2014; Grimes et al., 2019). This concern echoes a long tradition in management research that has highlighted the risk of organizations losing sight of their purpose and values in the quest for organizational survival and efficiency (Selznick, 2015; Weber, 1978). Social enterprises are “fragile organizations that must walk a fine line between achieving a social mission and living up to the “market’s requirements” (Santos et al., 2015), p. 38). Tensions between the business and charity forms manifest externally, in managing relations with a bifurcated organization environment, and internally, in managing organizational identity, resource allocation and decision-making.

***Introducing Dehybridization as an Organizational Transformation in Response to Hybrid Tensions in Social Enterprises***

An important but relatively unexamined possibility for social enterprises under pressure from hybrid tensions involves shifting away from the hybrid form by shedding rather than gaining or maintaining logics. In this paper, this process is referred to as dehybridization and is defined as an organizational transformation, intentional or unintentional, in which an organization changes such that after the transformation, it contains fewer logics than previously. In a social enterprise, dehybridization would involve the organization becoming either a charity (losing its commercial logic) or a for-profit business (losing its charity logic). An example of a social enterprise from the longitudinal dataset that dehybridized into a charity is Company Alpha. Company Alpha is an organization in the UK that works with people of all ages who may need support to achieve a good life for themselves. Company Alpha was thriving as a Community Interest Company when it realized that it could not scale in the required capacity for continued success and transformed into a charity.

Dehybridization as a potential response to exogenous shocks represents an interesting and potentially useful addition to our understanding of how hybrid

organizations manage hybrid tensions. While previous research has emphasized the efforts associated with creating social enterprises as hybrid forms (Kraatz & Block, 2008) or maintaining hybrid status despite the tensions associated with it (Pache & Santos, 2010), dehybridizing is itself a potentially positive and demanding response to these tensions. Dehybridization represents a strategic response in that it involves a major reorientation of a social enterprise from integrating commercial and charity logics to focusing on only one or the other. Such a change will likely affect every level of the organization, from the c-suite to the manufacturing plant. Shedding a commercial logic, for instance, might involve shutting down retail or manufacturing operations, establishing new financing arrangements, laying off commercially focused personnel, or increasing government liaisons. Similarly, shedding a charity logic might involve laying off charity-focused personnel, changing from donation-centric financing to selling products or services, restructuring the organization to allow for investor's and VC's financing, or establishing retail or manufacturing operations.

The hybridity faced by social enterprises suggests that they must be capable of using their assets to maximum effect. Social enterprise “calls for a specific type of capability to manage a non-profit-for-profit organization all “under one roof.” (Fowler, 2000), pg. 645). This requires that they make decisions that reflect the needs of their community’s interest while ensuring financial sustainability (Mair & Rathert, 2020). The combination of business and charity in social enterprises also manifests in allocating limited resources among activities that satisfy commercial and social welfare goals (Tracey & Jarvis, 2006). Organizations respond to the demands in their external environments, for instance, by adopting such structures as are deemed legitimate and timely (Aldrich, 2009; Davis & Adam Cobb, 2010). Social enterprises would respond to

such external demands by converting to charities or for-profit organizations and losing their hybridity.

### **Hypotheses**

Social enterprises exist in a state of tension as they integrate multiple institutional logics, with those distinct logics imposing different and potentially conflicting demands (Battilana & Dorado, 2010; Besharov & Mitzinneck, 2020). Exogenous shocks exacerbate these tensions. I thus argue that such shocks are likely to increase the likelihood of social enterprises transforming their business models to maintain competitive effectiveness and institutional legitimacy. In response to increased hybrid tensions, I suggest that social enterprises are more likely to pivot, drift in their mission, or dehybridize (Kraatz & Block, 2008), as many cannot afford to stay stagnant.

Organizations that adapt to institutional pressures are more likely to obtain scarce resources and have higher survival chances than those that do not (DiMaggio, 1991; Greenwood, Oliver, Lawrence, & Meyer, 2017). Therefore, this paper hypothesizes that:

***Hypothesis 1: Community Interest Companies are more likely to transform (dehybridize, pivot, or dissolve) following an exogenous shock than prior to the shock.***

An important question concerns social enterprises' performance effects on different responses to exogenous shocks. This paper specifically compares the performance effects of sustaining hybridity and pivoting to dehybridization as a response to exogenous shocks. The key difference is that the hybrid tensions previously argued are exacerbated by exogenous shocks and remain intact when social enterprises sustain hybridity or pivot. Hybrid organizations such as social enterprises will strategically choose the logic most suited to their needs to not jeopardize their legitimacy and financial performance (Pache & Santos, 2010). In contrast, those tensions are significantly resolved when social enterprises dehybridize. In some instances, the most strategic path to organizational survival is narrowing one's scope and goals to ascertain a competitive

advantage in the market (Michael E. Porter, 1991). The resolution of those tensions, this paper argues, is likely to lead to greater financial performance, potentially by facilitating an increase in revenue and a decrease in costs for the social enterprise. This study posits that social enterprises respond to exogenous shocks via an organizational transition such as dehybridization and would respond to which allows for greater financial performance. Therefore, this paper hypothesizes that:

***Hypothesis 2: Community Interest Companies that dehybridize in response to an exogenous shock will perform better financially than those Community Interest Companies that either do not transform or transform in another way (pivot or dissolve).***

The final question this paper addresses is whether the ability of social enterprises to undergo a transformation in response to exogenous shocks may be influenced by the history of those organizations. Organizational transformations are often challenging as they affect every aspect of the organization and use many resources such as time, financial and human capacity. Within hybrid organizations, transformations are especially burdensome as hybrids are already at capacity with many of their resources, and managing tensions becomes more fraught with challenges. Organizations that have previously transformed build organizational capacity for change and are more likely to obtain scarce resources, thereby having higher chances of survival than those that do not (DiMaggio, 1991; Greenwood et al., 2017). Often, organizational learning is considered a requirement to effectively develop firm resources (Eisenhardt & Martin, 2000; Mahoney, 2008; Penrose, 1952). A key aspect of organizational learning is knowledge acquisition, which includes drawing on existing knowledge within the firm, gaining understanding from experience or observation, and environmental scanning (Hitt & Tyler, 1991: 199; Huber, 2017; Uhlenbruck, Meyer, & Hitt, 2003). Organizational learning is likely to occur through an approach of work procedures, and routines developed from stored knowledge in an organization's memory (Tortorella, Vergara, Garza-Reyes, & Sawhney,

2020; Wang, Pahnke, & McDonald, 2021) applied to subsequent situations similar to those that initially provided the experience (Desai, 2016). Many studies (e.g. Akgün, Ince, Imamoglu, Keskin, & Kocoglu, 2014; Hung, Lien, Fang, & McLean, 2010; Martínez-Costa & Jiménez-Jiménez, 2009; Škerlavaj, Štemberger, Škrinjar, & Dimovski, 2007) indicate that learning and knowledge sharing across an organization is essential for improving its performance (Tortorella et al., 2020). Organizations learning through historic transformations would impact future transformations and possibly financial performance. This paper posits that social enterprises which have higher levels of adaptability due to previous organizational transformations are more likely to mitigate new, more acute shocks to their organizations:

***Hypothesis 3:** Community Interest Companies that have dehybridized or pivoted prior to an exogenous shock are likely to perform better financially following an exogenous shock than those Community Interest Companies that have not transformed prior to the shock.*

## **METHODOLOGY**

### **The 2007/08 Financial Crisis, The Brexit Vote, and The Covid-19 Pandemic Lockdown**

The financial crisis of 2007/2008 has caused many to question the basic premises of the current business system (Kaletsky, 2010; Pirson, Kimakowitz, Spitzack, & Dierksmeier, 2010). “Business as usual” has been heavily scrutinized (Hart, 2005; Senge, Smith, Kruschwitz, Laur, & Schley, 2010). Achieving environmental and social sustainability stands out as some of the major challenges business leaders must deal with (Jackson & Nelson, 2004). The shock of the financial crisis provided a catalyst for rethinking the current organizational structure. Michael Porter and Mark Kramer suggest in an issue of the Harvard Business Review that the corporation’s purpose needs to be redefined (Porter & Kramer, 2011). They posit that the corporation, rather than merely pursuing financial value creation, sets out to pursue shared value creation. To remain competitive and secure organizational longevity, Porter and Kramer (2011) suggest that

managers should view the corporation as socially embedded and actively uncover potential for value creation for all stakeholders. Porter and Kramer (2011) highlight the example of social entrepreneurs for corporations to learn from as they balance social and financial value creation. They argue that social entrepreneurs are often ahead of established corporations in discovering shared-value opportunities because they are not locked into the narrow traditional business thinking (Elkington & Hartigan, 2008). For many corporations, the financial crisis was a devastating shock; however, it can also be seen as a catalyst for social enterprises to take hold in the world.

Research suggests that national and supranational institutions affect how companies in a country operate (Bloom, 2010; Holmes Jr, Zahra, Hoskisson, DeGhetto, & Sutton, 2016; Zahra, 2014). With Brexit, these institutions are subject to considerable strain, if not upheaval (Cumming & Zahra, 2016). Prior evidence shows that immigration spurs entrepreneurship (Fairlie & Lofstrom, 2015) and cross-border investment flows (Iriyama, Li, & Madhavan, 2010; Madhavan & Iriyama, 2009). By contrast, legal barriers, such as barriers to immigration and trade, hurt the impact of entrepreneurship on economic growth (Cumming & Zahra, 2016; Zahra, 2014). The first look at evidence specific to Brexit is consistent with this literature (Tielmann & Schiereck, 2017), such that the UK and continental European firms were both hurt by Brexit, and UK firms were more negatively affected than their continental counterparts (Cumming & Zahra, 2016). This evidence is consistent with industry predictions that Brexit has hurt entrepreneurship in the UK (Entis, 2016). Brexit has also had dire consequences for new venture start-ups and their funding. Specifically, the institutional upheaval resulting from Brexit will likely reduce the birth rate of new ventures as institutional investors may withhold funding from UK-based venture capital (Cumming & Zahra, 2016). Social enterprises in the UK and Community Interest Companies are generally small to medium-sized enterprises with

close-knit ties to their communities. Brexit's effect on the organizational transformations of social enterprises could vary from that of other shocks.

Exogenous shocks cause major disruptions to entire economies and organizations (Hudecheck, Sirén, Grichnik, & Wincent, 2020). The Covid-19 pandemic, for instance, has generated logistics challenges, a shortage of key resources, government restrictions on the functioning of many industries and markets, and the need to redesign the working processes for many industries (Morgan, Anokhin, Ofstein, & Friske, 2020). The difficulty of forecasting the duration of the crisis has motivated many existing firms to consider pivoting: changing their products, services, customers, or markets (Chandler, Short, & Wolfe, 2021). Although research has studied the role of organizations in times of crisis and concepts such as “disaster entrepreneurship,” I know surprisingly little about how social enterprises manage themselves or their environment to maintain or improve their performance, legitimacy, and survival potential (Brammer et al., 2020; Soluk et al., 2021). The Covid-19 pandemic and the subsequent national lockdown is an ideal scenario in which to study how exogenous shocks impact the organizational transformations of social enterprises.

A great deal of literature suggests that exogenous shocks have a transformative effect on organizations; however, there is not much scholarship on comparing the effects of varying exogenous shocks on the same group of organizations. Financial shocks, trade barriers, and worldwide health phenomena all provide nuanced implications for organizations, and social enterprises must be ready to adapt to all of them. To further understand the implications of exogenous shocks, this paper investigates if the type of exogenous shock affects social enterprises differently and if the different exogenous shocks could impact how social enterprises dehybridize.

## **Sample and Data**

This study began with the population of 42,131 Community Interest Companies from 2005 to 2021 in the United Kingdom. Companies which were trading for less than three years and companies which hybridized, the act of becoming a Community Interest Company after trading as a charity or for-profit before were removed from the study, thereby leaving a sample of 31,993. This included companies currently and previously registered as Community Interest Companies in the Company House directory. The primary variable source is FAME, a Bureau van Dijk (BvD) database. For each organization, I collected the following company data: incorporation information, company age, status, previous registration, geography, name changes, changes in address, legal article amendments, voluntary dissolution, number of directors, number of employees, turnover in GBP, profit/loss before taxation in GBP, and net tangible assets/liabilities in GBP.

### ***Research Context: Community Interest Companies in the United Kingdom***

To advance the understanding of social enterprise transformation, this paper tested three hypotheses to shed light on the relationship between exogenous shocks and hybrid tensions. This was done by drawing on longitudinal data of Community Interest Companies in the United Kingdom from 2005 to 2021. A Community Interest Company is a special type of limited company that exists to benefit the community rather than private shareholders and was created as a response to the growing need for setting up a formalized social enterprise in the United Kingdom. Community Interest Companies are organizations established to trade for the good of the community rather than to make a profit for the owners. The two main features of a Community Interest Company are: (1) the asset lock and (2) the Community Interest Statement and Report (Nicholls, 2008). The assets and profits must be permanently retained within the Community Interest Company and used solely for community benefit or transferred to another organization with an asset

lock, such as a charity. The Community Interest Statement and Report describes the activities on how and to whom the company will benefit in the community, and this information is publicly available. Community Interest Companies may raise equity by issuing shares; however, the dividends that may be paid have a current cap of 35% of the Company's profits (Yunus et al., 2010). Community Interest Companies were used for the empirical study as they have clear legal boundaries. Since they are legally obligated to provide both financial statements and social impact statements to the relevant legal authorities in the UK, it ensures that Community Interest Companies are legally and through organizational form, hybrid organizations

### ***Using Quasi-Experiments to Establish Causality***

The association between Community Interest Company hybrid tensions and the likelihood of success can be strengthened by using an “exogenous shock” that affects all organizational transformations of dehybridizing, pivoting, and dissolving. The logic is that an exogenous shock is akin to an experimental treatment, which enables a before-and-after analysis, with each firm acting as its control for characteristics consistent across time (Ketokivi & McIntosh, 2017). However, in the absence of random assignment, the design is sometimes labelled a quasi-experiment (Campbell, 1979). Such models can be very effective in making causal claims (Antonakis et al., 2010) if there are meaningful exogenous shocks that have an impact of theoretical interest (Ketokivi & McIntosh, 2017). This study believes there are at least three relevant exogenous shocks within the period of 2005-2020 in the United Kingdom.

### ***Model Choice***

This longitudinal quantitative dataset comprises a panel of 39,634 firms observed throughout 16 years from 2005 to 2021. Repeated measures analysis enables researchers to design an experiment where the same participants participate in each independent

variable condition. This design is mostly used in cases where subjects are measured twice or more times on the dependent variable. Rather than using different companies after each exogenous shock, the companies go through different exogenous shocks and are measured after each. This means that each condition of the experiment includes the same group of companies and can be taken at certain points in time, which in this study includes before and after three exogenous shocks (Field, 2017). In management research, longitudinal data are superior to cross-sectional data because they enable control at the firm level for time-invariant omitted variables (Vergne, 2012).

### **Dependent Variables**

I constructed variables to measure organizational transformations: dehybridized, pivoted, dissolved, and organizations that had no transformations used as a control. These organizations were categorized into one variable and coded from one to four to allow inter-transformation comparisons. Explanations of the individual transformations are as follows:

***Transformation 1: Dehybridized.** Organizations were assigned a 1 for this variable if they used to be Community Interest Companies and became either charities, charitable incorporated organizations (CIO), or limited by guarantee entities. This was observed through a legal name change, and these companies must still be active.*

***Transformation 2: Pivoted.** Organizations were assigned a 2 for this variable if they are Community Interest Companies which registered a new name or industry and are active.*

***Transformation 3: Dissolved.** Organizations were assigned a 3 for this variable if they used to be Community Interest Companies and were no longer active and have legally dissolved.*

*Control: Non-Transformative. Organizations were assigned a 4 for this variable if they never changed their legal structure, name or industry and were always registered as a Community Interest Company.*

### **Descriptive Statistics**

Descriptive statistics for the possible organizational transformations during the three exogenous shocks of the Financial Crisis, Brexit Vote, and Covid-10 Lockdown, can be found in Appendix B Table 1. The table shows variables of all Community Interest Companies categorized firstly by organizational transformation such as dehybridization, pivoting, dissolving, or sustaining hybridity, and then by pre or post the exogenous shocks. Variables include: number of employees, company longevity, board size, company transformations through name changes, company address changes and article amendments, and finally several financial indices. Further statistics for the comparison between before and after the three exogenous shocks of the Financial Crisis, Brexit vote and Covid-19 lockdown, can be found in Appendix B Table 2. This table shows variables of all Community Interest Companies categorized in their respective organizational transformations, which are active during the relevant periods. In the next section, these variables will be more closely examined in the context of the previous hypothesis suggested.

## **RESULTS**

This paper examines the role of exogenous shocks, the 2007-2008 financial crisis, the Brexit vote, and the Covid-19 Lockdown on the hybrid tensions of social enterprises through organizational transformation. In this study of Community Interest Companies 1,410 were affected by the Financial Crisis, 17,996 by the Brexit Vote, and 30,383 by the Covid-19 lockdown. This section provides insight into the three hypotheses previously described using an ANOVA repeated measures general linear model regression.

## **Organizational Transformations as a Response to Exogenous Shocks**

Hypothesis 1 predicts that Community Interest Companies are more likely to transform through dehybridizing, pivoting or dissolving following an exogenous shock prior to the shock. This study provides evidence as illustrated in figure 4, that Community Interest Companies are more likely to transform through dehybridizing after the Financial Crisis and Brexit Vote, pivoting after the Financial Crisis, and dissolving after the Brexit Vote and Covid-19 Lockdown, thereby rejecting the null hypothesis.

To understand the evidence more deeply on how exogenous shocks are likely to exacerbate hybrid tensions, Appendix B Table 4 shows the results of a repeated measures ANOVA determined that organizational transformations differed significantly before and after the Financial Crisis ( $F(1, 794) = 130.340, p = 0.001$ ), before and after the Brexit vote ( $F(1, 4506) = 12.796, p = 0.001$ ), and before and after the Covid-19 lockdown ( $F(1, 6499) = 727.100, p = 0.001$ ). The significance of this variable suggests that there is a correlation between exogenous shocks and organizational transformations and that a transformation occurred after versus before the shocks.

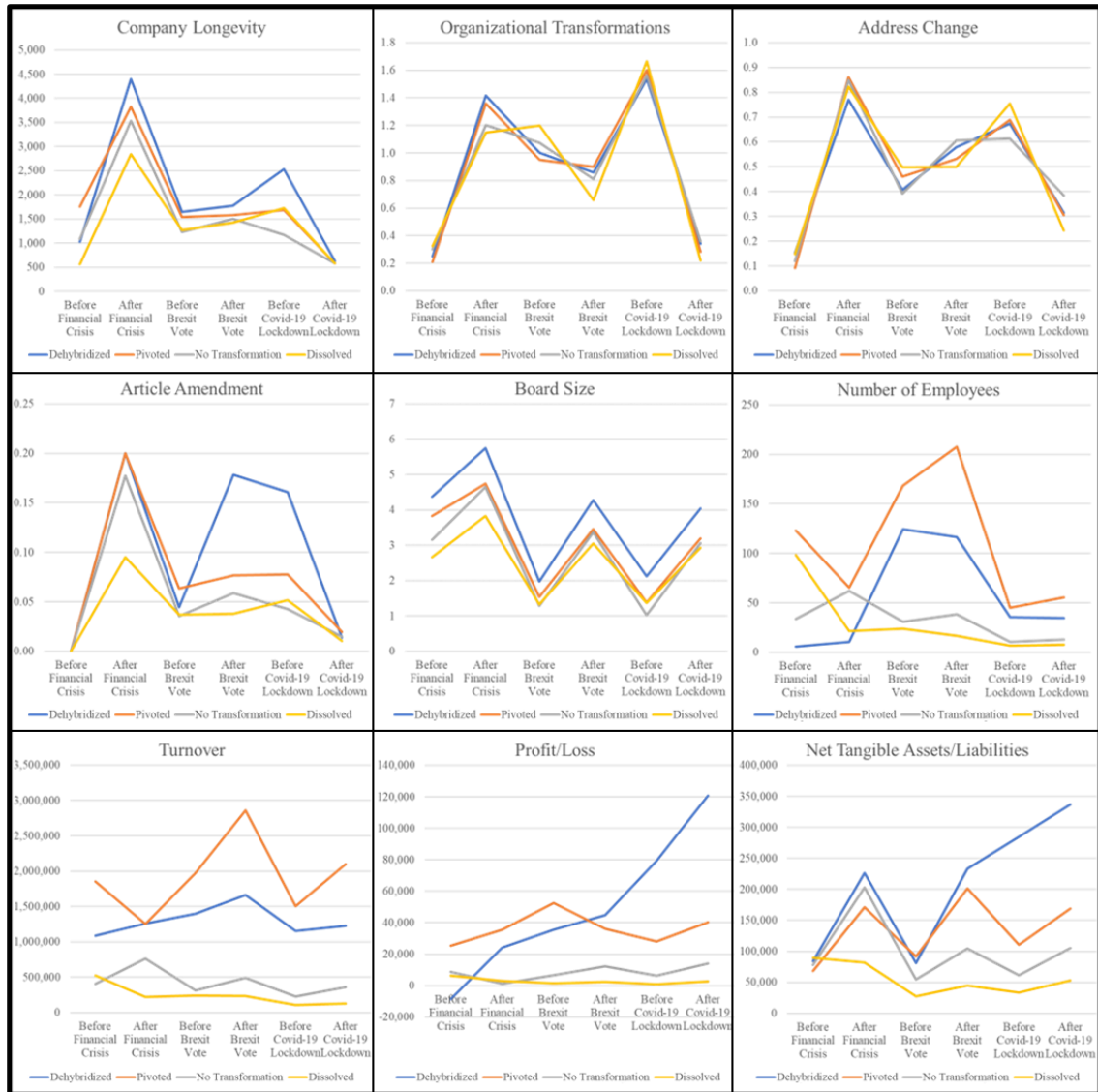


Figure 4: Charts of repeated measures means of Time\*Organizational Transformations of all nine variables including time series of before and after the financial crisis, Brexit vote, and Covid-19 lockdown

To understand how these shocks affect the different types of organizational transformations in social enterprises, a post hoc pairwise comparison using the Bonferroni correction was implemented. This analysis shows that organizational transformations varied when compared with other transformations. The pairwise comparison tables in Appendix B Table 6 show the significant organizational transformations. An example analysis shows that companies were more likely to dehybridize than pivot, dissolve, or sustain hybridity because of the Brexit Vote shock.

These significant findings clearly support hypothesis 1 that Community Interest Companies are more likely to go through an organizational transformation such as dehybridizing, pivoting, or dissolving following an exogenous shock in comparison to prior to the shock.

### **Dehybridization as an Organizational Transformation**

Hypothesis 2 predicts that Community Interest Companies that dehybridize in response to an exogenous shock will perform better financially than Community Interest Companies that either do not transform or transform via pivoting or dissolving. The results support this hypothesis, and this study provides evidence that the hybrid tensions previously argued are exacerbated by exogenous shocks and remain intact when social enterprises sustain hybridity or pivot. In contrast, the resolution of those tensions, this paper argues, is likely to lead to greater financial performance, potentially by facilitating an increase in revenue and a decrease in costs for the social enterprise.

When analyzing the results for Hypothesis 2, several financial variables such as turnover, profit/loss, and net tangible assets/liabilities were used to verify company financial performance over time. Univariate tests shown in Appendix B Table 3, as well as multivariate tests reporting Wilks' lambda were used to test the financial performance variables. The financial indicators varied in significance during the shocks. For the Financial Crisis, *Turnover* was significant ( $F(3,246) = 2.706, p = 0.031$ ), with a partial  $\eta^2 = 0.042$ . During the Brexit vote, *Turnover* and *Net Tangible Assets/Liabilities* were significant at ( $F(3,3123) = 13.381, p = 0.000$ ), with a partial  $\eta^2 = 0.017$  and ( $F(3,6858) = 5.857, p = 0.000$ ), with a partial  $\eta^2 = 0.003$  respectively. Finally, in response to the Covid-19 shock, all three financial performance variables were found to be significant in the model. *Turnover* ( $F(3,4153) = 16.981, p = 0.000$ ) with a partial  $\eta^2 = 0.016$ ,

*Profit/Loss* ( $F(3,4334) = 2.724, p = 0.028$ ) with a partial  $\eta^2 = 0.003$ , and *Net Tangible Assets/Liabilities* ( $F(3,9976) = 9.347, p = 0.000$ ) with a partial  $\eta^2 = 0.004$ .

Since the three financial performance variables presented above were found to be significant, results shown in Appendix B Table 4 provide further evidence to support Hypothesis 2. In response to the Financial Crisis shock, dehybridized companies are shown to have the highest turnover of all other organizational transformations. In response to the Brexit shock, dehybridized organizations had the highest net tangible assets from all other organizational transformations. Finally, in response to the Covid-19 shock, dehybridized organizations had both the highest profits and net tangible assets in comparison to organizations that pivoted, dissolved, or sustained their hybridity.

These significant findings clearly support Hypothesis 2, as Community Interest Companies that dehybridize in response to exogenous shocks tend to perform better financially than those Community Interest Companies that sustain hybridity or transform via pivoting or dissolving.

### **Organizational Adaptation as a Response to Exogenous Shocks**

Hypothesis 3 predicts that Community Interest Companies that have dehybridized or pivoted prior to an exogenous shock are likely to perform better financially following an exogenous shock than those Community Interest Companies that have not transformed prior to the shock. The results support the hypothesis that social enterprises which have higher levels of adaptability due to previous organizational transformations are more likely to mitigate new, more acute shocks to their organizations.

The evidence supporting hypothesis 3 is shown in Appendix B Table 6 of pairwise comparisons. The table shows that dehybridized organizations are shown to have a mean of 226,890 GBP (95% CI,  $p = 0.013$ ) more net tangible assets than non-transformative organizations and a mean of 267,438 GBP (95% CI,  $p = 0.001$ ) more than

dissolved companies following the Covid-19 shock. Pivoted companies have a mean of 110,558 GBP (95% CI,  $p = 0.027$ ) more net assets than dissolved companies in response to the Brexit shock, and a mean of 96,309 GBP (95% CI,  $p = 0.034$ ) more net assets in response to the Covid-19 shock. Pivoted companies also have a significantly higher Turnover than non-transformative organizations during both Brexit and the Covid-19 crisis, at a mean of 2,016,286 GBP (95% CI,  $p = 0.001$ ) and 1,508,923 GBP (95% CI,  $p = 0.001$ ) respectively. In comparison both non-transformative organizations and dissolved companies did not have significantly higher financial performance in response to any shock or organizational transformation.

These significant findings clearly support hypothesis 3, as organizations which have gone through previous organizational transformation, such as dehybridization and pivoting, are shown to mitigate exogenous shocks when looking at financial variables more likely in comparison to organizations that have not transformed or dissolved.

### **Robustness**

To test the various hypotheses, repeated-measures ANOVA tests were used as the same companies participated in all conditions of the experiment, in this case before and after various exogenous shocks. This type of design and the accuracy of the F-test in ANOVA depends upon the assumption that scores in different conditions are independent. This assumption is called sphericity and can be likened to the assumption of homogeneity of variance in between-group ANOVA (Field, 2017). Sphericity refers to the equality of variances of the differences between treatment levels, and to calculate the differences between each pair of scores, one needs at least three conditions for sphericity to be an issue. The methods used for this paper involve only two conditions at any time (before and after an exogenous shock) and as such there is no violation of sphericity within this study.

Another dimension of robustness in this paper is the addition of a control event of the date July 19, 2012, which was randomly generated. This control event was used to compare the significance and effect size of different variables from the exogenous shocks. A reasoning for why some variables are found to be significant during the control event can be due to the large sample size used in this study. While this study found some variables to still be significant during the control event, the effect sizes were significantly less than those during the exogenous shocks and had only one variable with a partial eta squared ( $\eta^2$ ) of moderate effect where  $0.06 > \eta^2 < 0.14$ .

Lastly, different time periods were used in additional levels of analysis to denote if time impacted the data set. As an example, for the Brexit exogenous shock, this analysis uses the years from 2005 to 2015 as the timeframe before the shock, and 2016 to 2021 for the timeframe after. Other instances were used where only three years prior and after were also analyzed and found no significant differences to the analysis.

### **Summary of Results**

Hypothesis 1 was supported and provides evidence that Community Interest Companies are more likely to transform through dehybridizing after the Financial Crisis and Brexit Vote, pivoting after the Financial Crisis, and dissolving after the Brexit Vote and Covid-19 Lockdown, thereby rejecting the null hypothesis. Hypothesis 2 was supported as dehybridized companies were shown to have higher turnover, net tangible assets, and/or profits during the three exogenous shocks in comparison to companies that pivoted, dissolved or did not transform. Finally, hypothesis 3 was supported and companies which dehybridized or pivoted prior to an exogenous shock performed better financially than companies which dissolved or did not transform.

## DISCUSSION

In this section, I address the contribution that this study has to the literature on organization theory and managing hybridity in social enterprises. This study posits that exogenous shocks affect organizational transformations within social enterprises such as Community Interest Companies.

### **How Dehybridization Contributes to Organization Theory**

This paper on how exogenous shocks affect the management of hybrid tensions in social enterprises contributes to organization theory in two main ways: first, it illustrates several organizational transformations for hybrid organizations, and second, it provides a definition for the concept of dehybridization. Current organizational literature has defined organizational hybridity to involve hybridization, hybrid organizing and the management of hybridity. This paper introduces dehybridization as another possible management of hybrid tensions, and a complementary concept of the organizational hybridity spectrum.

This paper provides hybrid organizations with new avenues of organizational transformation that address some of the challenges that current literature speaks of, such as mission drift. Organization theory stipulates that the combination of organizational logics and forms leads to unique possibilities and tensions. Scholars proposed that the combination of disparate organizational elements may, under certain conditions, provide greater opportunities for transformation (DeJordy et al., 2014), as well as for flexibility in adapting to changing environments (Stark, 2017). This paper suggests that the realization of these adaptive organizations can be seen through the process of dehybridization, where hybrids have several organizational transformations.

The final way this study contributes to the organizational theory scholarship is by understanding how the organization transformation of dehybridization varies from the strategic response of specialization in a few key aspects. Firstly, dehybridization is a

more substantive transformation where a core logic or mission is changed to consist of fewer logics or missions. This transformation of a core logic or mission may also involve changing the organizational forms, processes, or identities. Secondly, dehybridization is more fluid as it sits on the organizational hybridity spectrum. Organizations can become more or less dehybridized depending on how they manage their tensions. Specialization is generally a strategic response for organizations who are narrowing their product or service range or scaling down their operations to fewer industries. The central mission of the company is not what is transformed in this scenario, and that is the main difference from dehybridization.

### **Contribution to Literature on Managing Hybridity in Social Enterprises**

This study shows the impact of exogenous shocks on the management of hybrid tensions in social enterprises. Current literature has focused on three main responses of social enterprises to hybrid tensions: maintaining hybridity, pivoting, and mission drift. Maintaining hybridity has been commonly structured in one of two ways: segregating or combining (Kraatz & Block, 2008; Oliver, 1991; Pache & Santos, 2010; Pratt & Foreman, 2000). A second strategy for maintaining hybrid tensions is pivoting, which incorporates the creation of new elements that may include different logics, identities, and or forms than any of the previous organizations separately (Battilana & Lee, 2014; Dalpiaz et al., 2016; Ebrahim et al., 2014; Murray, 2010; Sabeti, 2011). The third response highlighted by research investigating the management of hybrid tensions in social enterprises has been unintentionally drifting from one logic in favour of another—a risk referred to as mission drift (Ebrahim et al., 2014; Grimes et al., 2019). This concern echoes a long tradition in management research that has highlighted the risk for organizations losing sight of their purpose and values in the quest for organizational survival and efficiency (Selznick, 2015; Weber, 1978).

An important but relatively unexamined possibility for social enterprises under pressure from hybrid tensions involves transforming from a hybrid form with two or more logics to a form with fewer logics than previously. This process is referred to as dehybridization and is defined as an organizational transformation, intentional or unintentional, in which an organization undergoes change such that after the transformation, it contains fewer logics than previously. The hybridity faced by social enterprises suggests that they must be capable of using their assets to maximum effect. This requires that they make decisions that reflect the needs of their community interest whilst ensuring financial sustainability (Mair et al., 2020).

### **Practical Implications of Exogenous Shocks and Dehybridization**

Independent of their scholarly relevance, it is my belief that the results can be generalized beyond their empirical setting and condensed into useful lessons for practice. Although exogenous shocks are largely beyond administrative control, I argue that their consequences can be managed by the organization and appropriately leveraged. Organizational management and boards could learn from organizations that dehybridize and use them as guides for best practices when mitigating exogenous shocks.

This study shows that while not all social enterprises dehybridize when faced with exogenous shocks, it is the organizations that aim to sustain their hybridity or hybridize that dissolve at higher rates during these times of turmoil. This study also shows that organizations which have dehybridized before are more financially viable to mitigate these exogenous shocks and in fact do better financially after the shock as well. This introduces the notion that organizations which have transformed before, are more adaptive to new environmental challenges and can transform again if necessary to keep the organization active and viable. In all this study provides valuable lessons to

practitioners, in that it sheds further light on what happens in the aftermath of exogenous shocks, with reference to their implications in organizational transformations.

Lastly, this study allows for greater generalization as some of the arguments such as social enterprises being more likely to dehybridize, pivot or dissolve after an exogenous shock versus prior to a shock is not unique to hybrids. This argument could apply to any organization with high levels of complexity wherein the organization comprises of multiple core missions, logics, identities, or forms.

### **Limitations and Future Research**

A limitation of this paper is that legal organizational form change may not be the most conclusive proxy for measuring the organizational transformation of dehybridization. While it is acknowledged that the legal organizational form change is procedurally complex and constitutes a great deal of time and resources for Community Interest Companies, it is not 100 percent conclusive. Some Community Interest Companies may continue to foster multiple logics, and identities even though their legal structure and organizational form has simplified to a charity, CIO, or limited company. Future research could build upon this generalized empirical study by interviewing companies which dehybridized to more accurately portray if they kept their multiplicity when transforming.

Future research could build upon this study by using qualitative methods such as interviews or questionnaires to explore the internal dimensions of hybrid organizations and what events were taking place internally as the companies faced exogenous shocks. Additionally, this study could be replicated in various countries to compare how the same exogenous shocks impact hybrid organizations in different environments. Within the United Kingdom, a further comparison could be made with corporations, charities, and

hybrid organizations to study which organizations were more impacted by the same exogenous shocks. This study could assist in various policy measures as different organization types may need diverse assistance.

Another finding that this study has shown but further research should investigate, is the importance of boards in organizational transformations. The number of directors variable in this study was shown to be statistically significant during all three exogenous shocks and with all organizational transformations. Further research could look more deeply at this phenomenon to understand how board size influences organizational transformations and what other influences boards have on social enterprises.

## **CONCLUSION**

Exogenous shocks such as the COVID-19 pandemic, the 2007-2008 global financial crisis, and the Brexit referendum constitute notable examples of crises that continue to affect social enterprises in the United Kingdom (Bryon & Peterson, 2002; Williams & Shepherd, 2018). Exogenous shocks are unique in the scale and scope of their impact and have challenges for even the most stable organizational forms. Exogenous shocks stress all organizations, but the effects on social enterprises may be especially profound due to the potentially fragile business models associated with social enterprises. Social enterprises are hybrid organizations that combine “the institutional logics that are materialized in two or more organizational forms” (Haveman & Rao, 2006, p.974).

Three ways literature has found social enterprises may respond to hybrid tensions caused by exogenous shocks is through organizational transformations of maintaining hybridity, pivoting, and mission drift. This paper introduces dehybridization as a fourth organizational transformation of responding to hybrid tensions in social enterprises. This paper defines dehybridization as an organizational transformation through which an organization integrates new or fewer logics, identities, or forms than previously.

Additionally, the various ways exogenous shocks affect social enterprises and their dehybridization remains largely unaddressed in the literature. As stated above, dehybridization involves the shedding of logics, and thus may require managing the needs and interests of divergent stakeholder groups. Understanding dehybridization is important because the process is transformative for social enterprises, the people involved, and the communities.

This study shows that exogenous shocks are of importance when studying social enterprises as a context for organizational transformations. This paper shows that Community Interest Companies are more likely to respond to exogenous shocks through organizational transformations of dehybridization, pivoting, or dissolving following an exogenous shock than prior to the shock. This paper also supports the hypothesis that dehybridized companies have a significantly higher turnover, net tangible assets and/or profits during the three exogenous shocks in comparison to companies that pivoted, dissolved, or experienced no transformations. Finally, this study provides evidence that companies which dehybridized or pivoted prior to an exogenous shock significantly performed better financially than companies which dissolved or did not transform.

This thesis argues that exogenous shocks affect the management of hybrid tensions of social enterprises. To do this, the paper developed a study on Community Interest Companies in the United Kingdom to understand the role of exogenous shocks on organizational transformations. This study has shown that Community Interest Companies are more likely to respond to exogenous shocks through organizational transformation, and that those organizations which dehybridize or pivot are more responsive and more financially prepared for these shocks. In advancing the concept of dehybridization, this paper hopes to stimulate further work that sheds light on social

enterprises and hybrid organizations and how their transformative possibilities might be realized.

## **THE DEHYBRIDIZATION OF SOCIAL ENTERPRISES**

### **ACADEMIC AND POLICY IMPLICATIONS OF RESEARCH**

In this section, I address the various contributions that this thesis offers to the literatures on organization theory and managing hybridity in social enterprises as well as policy implications of the research. This thesis provides three implications for academic research: firstly, that dehybridization is a defined concept, secondly, that organizational transformations of social enterprises are affected by internal factors such as board heterogeneity, and external factors such as exogenous shocks, and finally, that dehybridization contributes to the understanding of managing hybridity within social enterprises.

#### **Academic Implications of Research**

This thesis on dehybridization in social enterprise contributes to organization theory in two main ways: first, it illustrates several organizational transformations for hybrid organizations, and second, it provides a definition for the concept of dehybridization.

#### ***How Dehybridization Contributes to Organization Theory***

Having outlined the challenges associated with hybrid organizations, hybridization, and social enterprises, these literatures have provided a motivating force for understanding dehybridization. This research intends to provide social enterprises an opportunity to avoid some of the challenges that current literature addresses through the process of dehybridization. The importance of dehybridization for organization theory is predicated on the notion that the combination of forms leads to unique possibilities and tensions. Past research has focused largely on tensions that threaten the sustainability of hybrids, as indicated by the review of the literatures on hybridity and social enterprises in

organization studies. This thesis suggests that dehybridization is an important type of organizational adaptation/transformation in the context of hybrid organizations and specifically social enterprises as they are organizations with great amounts of complexity. Social enterprises that combine the business and charity forms at their core face distinctive challenges incremental to those described in the existing literature on CSR and non-profits. Scholars have proposed that the combination of disparate organizational elements may, under certain conditions, provide greater opportunities for transformation (Creed et al., 2014), as well as for flexibility in adapting to changing environments (Stark, 2017). Social enterprises identify as having two or more core missions or logics that are central to their organization which bring higher levels of complexity. Understanding this complexity and how organizations handle it, through dehybridization as an example, can provide further understanding to other less hybrid organizations when adapting to changing environments. This thesis suggests that the realization of these adaptive organizations can be seen through the organizational transformational process of dehybridization.

This thesis provides hybrid organizations with new avenues of organizational transformation that addresses some of the challenges that current literature speaks of such as mission drift. Organization theory stipulates that the combination of organizational logics and forms leads to unique possibilities and tensions. Scholars proposed that the combination of disparate organizational elements may, under certain conditions, provide greater opportunities for transformation (DeJordy et al., 2014), as well as for flexibility in adapting to changing environments (Stark, 2017). This research suggests that the realization of these adaptive organizations can be seen through the process of dehybridization, where hybrids have several organizational transformations. In fact, mission drift could be used as a strategic tool to transform the hybrid into a different

form, such as a new hybrid or one with one a dominant logic. Much of the current literature on social enterprises tries to find ways to manage or avoid mission drift because it is deemed to negatively impact the hybrid (Battilana & Dorado, 2010; Battilana & Lee, 2014; Pache & Santos, 2013). It is suggested that mission drift does not allow organizations to maintain their hybridity and that this maintenance is the ideal form for sustaining the hybrid structure. It is taken for granted by most research that social enterprises strive for a hybrid form, but evidence does not prove this to be the norm. For many organizations, sustaining this hybrid structure at all costs leads to their ultimate and untimely demise (Grimes et al., 2019; Tracey & Jarvis, 2006), and that managing the hybridity and focusing on mission drift ignores the possibility of organizational transformation.

The final way this thesis contributes to the organizational theory scholarship is by understanding how the organization transformation of dehybridization varies from the strategic response of specialization in a few key aspects. Firstly, dehybridization is a more substantive transformation where a core logic or mission is changed to consist of fewer logics or missions. This transformation of a core logic or mission may also involve changing the organizational forms, processes, or identities. Secondly, dehybridization is more fluid as it sits on the organizational hybridity spectrum. Organizations can become more or less dehybridized depending on how they manage their tensions. Specialization is generally a strategic response for organizations who are narrowing their product or service range or scaling down their operations to fewer industries. The central mission of the company is not what is transformed in this scenario, and that is the main difference from dehybridization.

### *Contribution to Literature on Managing Hybridity in Social Enterprise*

This thesis has identified several internal and external tensions that impact social enterprises. Specifically, the importance of board heterogeneity and the impact of exogenous shocks on the management of these tensions.

Boards are expected to play a role in balancing divergent expectations and interests of key stakeholders such as investors and beneficiaries (Huybrechts, 2010; Pache & Santos, 2010). In this vein, boards become an intermediary between organizations and their external environments, acting as carriers of pressures from the environment while simultaneously being a buffer for the organization from these pressures. Therefore, choosing members of the board becomes incredibly important, especially in the case of social enterprises where there are numerous tensions to manage. Tensions and power imbalances between different subgroups can make it difficult to achieve a clear purpose and may block decision-making processes (Crucke & Knockaert, 2016; Spear & Bidet, 2005), thus ultimately not solving governance challenges but exacerbating them.

This thesis provides a deeper understanding of the boards of social enterprises and shows that heterogeneity does not exacerbate internal tensions but may instead facilitate adaptive strategies. Social enterprises that dehybridize go through the largest adaptation as the organization changes its legal structure along with its organizational logics, forms, and practices. This high level of change and adaptation corresponds to the highest levels of board heterogeneity among Community Interest Company transformations. For those scholars and practitioners most interested in managing tensions in social enterprises (Battilana, Sngul, et al., 2015; Smith et al., 2013), medium levels of board heterogeneity match most closely with non-transformative organizations. In this case it seems that less is more in terms of keeping the status quo in social enterprises.

The impact of exogenous shocks on the management of hybrid tensions in social enterprises is the other contribution to literature on managing hybridity. Current literature has focused on three main responses of social enterprises to hybrid tensions: maintaining hybridity, pivoting, and mission drift. Maintaining hybridity has been commonly structured in one of two ways: segregating or combining (Kraatz & Block, 2008; Oliver, 1991; Pache & Santos, 2010; Pratt & Foreman, 2000). A second strategy for maintaining hybrid tensions is pivoting, which incorporates the creation of new elements that may include different logics, identities, and or forms than any of the previous organizations separately (Battilana, Sengul, et al., 2015; Dalpiaz et al., 2016; Ebrahim et al., 2014; Murray, 2010; Sabeti, 2011). The third response highlighted by research investigating the management of hybrid tensions in social enterprises has been unintentionally drifting from one logic in favour of another—a risk referred to as mission drift (Ebrahim et al., 2014; Grimes et al., 2019). This concern echoes a long tradition in management research that has highlighted the risk of organizations losing sight of their purpose and values in the quest for organizational survival and efficiency (Selznick, 2015; Weber, 1978).

An important but relatively unexamined possibility for social enterprises under pressure from hybrid tensions involves transforming from a hybrid form with two or more logics to a form with fewer logics than previously. This process is referred to as dehybridization and is defined as an organizational transformation, intentional or unintentional, in which an organization undergoes change such that after the transformation, it contains fewer logics than previously. The hybridity faced by social enterprises suggests that they must be capable of using their assets to maximum effect. This requires that they make decisions that reflect the needs of their community interest whilst ensuring financial sustainability (Mair et al., 2020).

In conclusion, this thesis has much to add in understanding the transformations of hybrid organizations. Dehybridization offers a well-suited lens to the breaking down of traditional boundaries. Furthermore, the study of hybrids and social enterprises presents an opportunity to question some of our basic assumptions about the unified nature of organizational forms, a theoretical agenda that extends beyond social enterprise into a larger population of organizations that combine forms in adaptive ways. This is a first step towards advancing a more empirically anchored research agenda that investigates governance, and exogenous shocks starting from the concrete experiences and practices of organizations. This view can further our understanding at a theoretical level of how the changing organizational landscape influences organizational transformation, and this, in turn, can better serve the advancement of good practices in organizations.

### **Policy Implications of Research**

Independent of their scholarly relevance, it is my belief that the results can be generalized beyond their empirical setting and condensed into useful lessons for practice. This thesis provides several implications that can be categorized into three sections: increased organizational fluidity through dehybridization, the significance of boards for social enterprises, and managing tensions affected by exogenous shocks.

### ***Implications of Dehybridization***

Dehybridization provides a new level of organizational fluidity for practitioners who may have previously been pigeonholed into thinking only two options exist for social enterprises to remain active: managing their tensions or drifting. With the newer understanding of organizational hybridity being more fluid as a spectrum (seen in figure 1), practitioners of social enterprises and other hybrid organizations have transformative options of becoming more, or less hybrid during certain periods in order for the

organization to thrive. Practitioners of social enterprises have more options than just managing their internal tensions and reacting to external pressures (Battilana & Dorado, 2010; Battilana et al., 2012; Battilana, Sngul, et al., 2015; Reay & Hinings, 2009); instead, they have strategies for transforming. Dehybridization allows social enterprises to be more fluid in their organizational changes due to internal or external circumstances. They no longer must fear not managing their competing logics and having the freedom to change their organizations as the need arises.

### ***Implications of Board Heterogeneity***

Until this research, I have little empirical evidence about the significance of board governance in social enterprises, the functions the boards fulfil, the composition of the boards, and how board governance enables social enterprises to thrive. The process of dehybridization provides social entrepreneurs with several strategies for transforming their social enterprises through their board composition. Social enterprise boards are subjects that attract great attention from those seeking to decide whether an organization should be eligible for applications for grants or government contracts (Low, 2006; Walmsley, 2003). External parties demand evidence that demonstrates social enterprise's democratic legitimacy through stakeholder involvement at the highest levels of the organization (Pearce, 2003). The skills and expertise of the board are crucial for organizational survival, and social entrepreneurs should take care in choosing the directors wisely. Based on the research done in the thesis, both high levels of heterogeneity and homogeneity negatively impact social enterprises, thereby providing practitioners with key information regarding the strategy of board composition.

### ***Practical Implications of Exogenous Shocks***

Although exogenous shocks are largely beyond administrative control, I argue that their consequences can be managed by the organization and appropriately leveraged. Organizational management and boards could learn from organizations that dehybridize and use them as guides for best practices when mitigating exogenous shocks. This thesis shows that while not all social enterprises dehybridize when faced with exogenous shocks, it is the organizations that aim to sustain their hybridity that dissolve at higher rates during these times of turmoil. This study also shows that organizations which have dehybridized before are more financially viable to mitigate these exogenous shocks and in fact do better financially after the shock as well. This introduces the notion that organizations which have transformed before, are more adaptive to new environmental challenges and can transform again if necessary to keep the organization active and viable. In summation, this thesis provides valuable lessons to practitioners, in that it sheds further light on what happens in the aftermath of exogenous shocks, with reference to their implications in organizational transformations.

### ***Policy Implications of Research***

Governments and international institutions are urging organizations to practice more conscientious business, as seen by the ESG model on environmental, social, and corporate governance. While not all businesses are ready to make the shift from shareholders to stakeholders, much can be learned from social enterprises as hybrid organizations. Social enterprises, such as Community Interest Companies, take an extreme approach of the ESG model as they equally incorporate some form of environmental or social mission, with that of an economic mission. These enterprises can be used as working examples on how shareholder-driven organizations, can start to address more societal needs through hybrid organizing. While this thesis focuses on the

organizational transformation of dehybridization, the process of moving to fewer logics, understanding this transformation is equally important to allow for greater flexibility for a larger number of organizations.

# THE DEHYBRIDIZATION OF SOCIAL ENTERPRISES

## CONCLUSION

In the world of social enterprises, an important phenomenon is the managing of tensions and the organizational transformation from more to less hybrid logics, forms and identities and how it occurs. This research investigates this transformation and conceptualizes it as the process of dehybridization, defined as an organizational transformation integrating fewer logics than previously. Organizational scholars have largely focused on understanding the ways in which social enterprises manage their hybridity and have overlooked the process of dehybridization. Dehybridization is an important concept as the transformation has lasting consequences for social enterprises, the people involved, and the communities.

The context which underpins this research is social enterprise with current organizational scholarship referencing them as ideal contexts for understanding the challenges of managing tensions. Social enterprises attempt to combine the best of both worlds: create value for society in areas where markets and governments are failing and developing financially sustainable operations that leverage commercial contracts and enable reaching scale. They straddle the well-established categories of business and charity and are thus hybrid organizations, combining aspects of multiple organizational forms (Battilana & Lee, 2014; Battilana, Sngul, et al., 2015; Colyvas & Powell, 2007; Haveman & Rao, 2006). Numerous scholars call for further understanding of the tensions that hybrids experience and how they lead to transformations, suggesting it an important and relevant challenge to hybrid organizations and inherent to a broad range of organizations that seek to combine multiple objectives (Battilana & Lee, 2014). To expand the scope of hybrid transformations, this thesis introduces the concept of dehybridization as a complementary theory to the existing knowledge on organizational hybridity and hybridizing.

To further the understanding of both the context and literature on the dehybridization of hybrids, this research executed a three-paper dissertation. The three papers work in unison to first conceptualize the notion of dehybridization and then empirically study this concept through Community Interest Companies in the United Kingdom. The first paper, titled “the relationship between hybrid tensions and dehybridization of social enterprises,” provides a conceptual understanding of the process and definition of dehybridization. To gain a better understanding of the organizational transformations of hybrid organizations, the theoretical paper illustrates the concept of dehybridization through a conceptual framework and definition with an emphasis on identifying the organizational transformations and outcomes. Taken together, the resulting conceptual model addresses the aforementioned theoretical tension and offers novel insight into the relationship between organizational actions and logics.

The second paper, “The role of governance in the dehybridization of social enterprises,” aims to empirically explore the concept of dehybridization from the conceptual paper. To study the role of governance boards within the process of dehybridization, this empirical paper draws on a longitudinal dataset of Community Interest Companies within the United Kingdom. Community Interest Companies are organizations established to trade for the good of the community rather than to make a profit for the owners and was created as a response to the growing need for a formalized social enterprise structure in the United Kingdom. The dataset used for this study is exhaustive and provides the entire population of 33,350 Community Interest Companies from 2006-2020 and includes over 112,140 company directors. This dataset provides the foundation for understanding how governing board heterogeneity and size contribute to the dehybridization process of a social enterprise. This research proposes that hybrid organizations exhibiting different levels of integration between their social and commercial activities may require different types of board composition to

transition through the dehybridization process (Battilana & Lee, 2014). A study of this magnitude has not been done before in social enterprises nor when looking at non-listed boards.

The third paper titled, “How exogenous shock affect the management of hybrid tensions in social enterprises,” studies the transformative implications of the 2007-2008 Financial Crisis, the Brexit Vote, and the Covid-19 Lockdown within Community Interest Companies in the United Kingdom. Exogenous shocks stress all organizations, but the effects on social enterprises may be especially profound due to the potentially fragile business models associated with social enterprises. Social enterprises face distinctive organizing challenges associated with the trade-offs between their potentially divergent stakeholder interests (Daily et al., 2003; Ebrahim et al., 2014; Santos & Eisenhardt, 2005). One way in which social enterprises may respond to hybrid tensions caused by exogenous shocks is through organizational transformations. To explore how social enterprises respond to exogenous shocks, this paper uses quasi-experimentation of a longitudinal dataset of 39,634 Community Interest Companies in the United Kingdom from 2005 to 2020. In brief, this paper shows that Community Interest Companies are more likely to respond to exogenous shocks through organizational transformations of dehybridization, pivoting, or dissolving following an exogenous shock than prior to the shock. This paper also supports the hypothesis that dehybridized companies have a significantly higher turnover, net tangible assets and/or profits during the three exogenous shocks in comparison to companies that pivoted, dissolved or did not transform. Finally, this study provides evidence that companies which dehybridized or pivoted prior to an exogenous shock significantly performed better financially than companies which dissolved or had no transformations.

This dissertation has the potential for the advancement of organizational theory literature by offering new solutions for managing tensions and providing a dehybridization model that guides hybrids to innovative outcomes, illustrating adaptive strategies to address the challenges these organizations face in an increasingly uncertain world. Overall, discussions of dehybridization in terms of institutional logics, organizational identities, and organizational forms have reached largely convergent insights, despite having evolved in separate literatures. Although they operate at different levels of analysis, these constructs are related. Logics, defined at a societal level, provide the cultural materials through which organizational forms are constructed and reproduced in a given sector (Greenwood & Hinings, 1993). Once these forms are widely adopted by organizations in a field of activity, they gain social legitimacy and become institutionalized, and once institutionalized, forms, in turn, provide the “cultural materials that organizational members assemble” to formulate “essential identity elements” (Glynn & Raffaelli, 2013). Each organization’s identity may be unique as they may assemble these cultural materials differently, but their identity is at least partially expressed through symbols that derive their meaning from existing forms (Battilana & Lee, 2014; DeJordy et al., 2014; Glynn, 2000). This co-occurrence is reflected in the process of dehybridization, which considers the interrelationships among logics, forms, and identities in hybrid organizations.

Over the last few decades, social enterprises have increasingly challenged long-standing boundaries between the social and business sectors (Dees, 2007; Dees & Anderson, 2006). Corporations have faced increased public pressure to help address far-reaching societal problems, leading to the adoption of behaviours meant to fulfil their perceived social responsibility (Carroll, Feng, Le Mens, & McKendrick, 2010). In the meantime, non-profits adopted tools such as strategic planning to increase their overall efficiency and find new sources of funding by engaging in commercial activities. The charity and business

organizational forms, which historically evolved on separate tracks, have thus increasingly been mixed, leading to the emergence and development of hybrid organizations that combine aspects of both organizational forms (Haveman & Rao, 2006a; Pache & Santos, 2010).

In the ever-changing world of financial crises, worldwide pandemics, and political upheaval this thesis hopes to bring about a small glimmer of clarity in the tumultuous landscape of organizational transformations of social enterprises. In advancing the concept of dehybridization, this dissertation hopes to stimulate further work that sheds light on hybrid organizations and how their transformative possibilities might be realized.

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## APPENDIX A – PAPER 2

### Appendix – Sample Summary Statistics

The sample consists of an unbalanced panel of 33,350 Community Interest Companies over the period between 2006 and 2020. Financial data and board data are from FAME and Companies House with some Internet Searching for minute details. The variable definitions can be found in Appendix A and B and include the dependent variables as well as the control variables, along with the calculations of the heterogeneity variables in Appendix A, Panel B

#### Panel A: Variable Definitions – Heterogeneity Variables

Heterogeneity	Definition	Data Source
Director Age	Coefficient of variation (standard deviation/mean) of the director's age for the board, during period t.	FAME
Director Gender	Blau index of diversity (see below), where the two categories are male and female.	FAME
Director Tenure	Coefficient of variation (standard deviation/mean) of director's tenure for the board, during period t.	FAME
Director Title	Blau index of diversity (see below), where the two categories are director has a title, director does not have a title. Titles encompass four main groups: (1) occupational titles such as doctors, judges, and government officials (2) religious clergy, priests, and bishops (3) military personnel such as generals and lieutenants (4) aristocratic titles such as duke, marquess and prince	FAME
Director Education	Blau index of diversity (see below), where the four categories are: (1) University Degree (2) Apprenticeship (3) High-School (4) On-The-Job Training.	CASCOT Company House
Director Occupation	Blau index of diversity (see below), where the ten categories are: (0) Volunteers, Students, Retirees, Employed, Other (1) Managers, directors, and senior officials (2) Professional occupations (3) Associate professional occupations (4) Administrative and secretarial occupations (5) Skilled trades occupations (6) Caring, leisure and other service occupations (7) Sales and customer service occupations (8) Process, plant, and machine operatives (9) Elementary occupations (trades)	FAME CASCOT Company House
Director Nationality	Blau index of diversity (see below), where the seven categories are: (1) Europe/Central Asia (2) East Asia/Pacific (3) Latin America/Caribbean (4) Middle East/North Africa (5) North America (6) South Asia (7) Sub-Saharan Africa	FAME
Current Directorships	Blau index of diversity (see below), where the five categories are the number of companies in which a current directorship is held: (1) Zero Directorships	

	(2) 1 Directorship (3) 2-4 Directorships (4) 5-9 Directorships (5) 10 or more Directorships	
Heterogeneity Index	Each individual measure is scaled by the sample median to make the measures comparable and ensure that each construct is equally represented in the aggregate measure. The standardized measures are added together to create the heterogeneity index.	FAME

**Panel B: Example**

Blau Index  $1 - \sum p_k^2$  where  $p$  is the proportion of directors in  $k$ th category.

Company Name: Alpha Dominant Logic CIC

Directors	Age	Gender	Title	Education	Occupation	Tenure	Directorship	Nationality
Lesley	100	F	N	A-Levels	Director	286	0	Europe
Devon	76	F	N	-	Director	701	2	Europe
Leia	63	F	N	-	Director	1116	3	Europe
Tom	76	M	N	-	Director	286	4	-
Richard	76	M	N	On-The-Job	Director	1116	9	Europe

Age Heterogeneity: Standard Deviation/Mean = $13-76 = 0.18$	[Sample mean is 0.20]
Gender Heterogeneity: $1 - (((2/5)^2 + (3/5)^2)/2) = 0.74$	[Sample mean is 0.66]
Title Heterogeneity: $1 - (((0/5)^2 + (5/5)^2)/2) = 0.5$	[Sample mean is 0.52]
Education Heterogeneity: $1 - (((0/5)^2 + (0/5)^2 + (1/5)^2 + (1/5)^2)/4) = 0.88$	[Sample mean is 0.82]
Occupation Heterogeneity: $1 - (((5/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2)/10 = 0.90$	[Sample mean is 0.84]
Nationality Heterogeneity: $1 - (((4/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2 + (0/5)^2)/7 = 0.86$	[Sample mean is 0.86]
Tenure Heterogeneity: Standard Deviation/Mean = $415/701 = 0.59$	[Sample mean is 0.68]
Directorships Heterogeneity: $1 - (((1/5)^2 + (0/5)^2 + (3/5)^2 + (0/5)^2 + (1/5)^2)/5) = 0.91$	[Sample mean is 0.88]
Heterogeneity Index: $((0.74 + 0.05 + 0.88 + 0.90 + 0.86 + 0.91)/6) + ((0.18 + 0.59)/2) = 0.80 + 0.39 = 1.18$	[Sample mean is 1.22]

Alpha Dominant Logic CIC is less diverse than a mean firm along age, title, and tenure dimensions but more diverse along gender, education, occupation, and directorship dimensions. On aggregate, it is less diverse than a mean dominant logic company board.

**Panel C: Variable Definition – Other Variables**

Dependent Variables	Definition	Data Source
Dehybridized	Indicator variable equal to 1 if company is dehybridizing in year $t$ , 0 otherwise. This variable was created by observing organizations that used to be Community Interest Companies and are now either charities, charitable incorporated organizations (CIO), or limited by guarantee entities. This was observed in the FAME database and established by cross-referencing company names and their suffixes. Organizations that used to have ‘CIC’ or ‘Community Interest Company’ as a legal name suffix and now have ‘Ltd’, ‘Limited’, ‘CIO’, or ‘charitable incorporated organization’. The other reference is the company registration if it is a charity, limited, or guaranteed. These changes in both name and type are found through historical documents of the organizations and these companies must still be active.	FAME Companies House
Pivoted	Indicator variable equal to 1 if company is rebranding in year $t$ , 0 otherwise. This variable was created by observing Community Interest Companies that had a name change to a new Community Interest	FAME Companies House

Company and is still active.

Dissolved	Indicator variable equal to 1 if company has dissolved in year t, 0 otherwise. This variable was created by observing Community Interest Companies that were no longer active and legally documented as dissolved.	FAME Companies House
Non-Transformative	This variable is the amalgamation of all Community Interest Companies that are active and have never transformed. Used as a control variable.	FAME Companies House
Hybridized	Indicator variable equal to 1 if company has hybridized before year t, 0 otherwise. This variable was created by observing organizations that used to be for-profit or charities and are now Community Interest Companies. This can be seen through a legal form change and name change.	FAME Companies House
<b>Control Variables</b>		
Firm Age	The date of incorporation until the date of data collection 07/10/2020 in number of days.	FAME
Time Since Transformation	The date of company status change and/or name change until the date of data collection (07/10/2020) not including zeros.	FAME
Firm Size	Number of reported employees in year t	FAME
Log(Assets)	Natural log of total assets in year t	FAME
Board Size	Number of current directors on company board as reported by the company in year t.	FAME Companies House
Board Turnover	Calculated by 1- (Number of current directors/Number of total directors)	FAME
Firm Geography	Categorized as (1) urban if in of the 28 most populous cities (from 7.2 million inhabitants to 239,000) in the United Kingdom; or (0) rural otherwise.	FAME Internet Search
Firm Size	Categorical variable where the five categories are: (0) No Employees (1) Self-Employed (2) Small (2-19 Employees) (3) Medium (20-99 Employees) (4) Large (100 or more Employees)	FAME
Industry Sector	Categorical variable where the six categories are: (0) All Other (1) Business Services (2) Media & Broadcasting (3) Public Administration, Education & Healthcare (4) Travel, Personal & Leisure	FAME SIC Codes

## APPENDIX B – PAPER 3

**Table 1 – Descriptive Statistics**

	Descriptive Statistics - Dehybridized						
	Total N	Valid N	Mean	Median	Standard Deviation	Minimum	Maximum
Number of Days Active Pre Financial Crisis	146	15	1024	597	1216	2	4172
Number of Days Active Post Financial Crisis	146	15	4401	5243	1564	593	5243
Number of Days Active Pre Brexit	146	112	1756	1520	1353	10	7413
Number of Days Active Post Brexit	146	95	1779	2002	518	159	2002
Number of Days Active Pre Covid	146	143	2617	2437	1552	118	8785
Number of Days Active Post Covid	146	107	623	630	51	180	630
Number of days Pre Control	146	59	1268	987	1190	3	5978
Number of days Post Control	146	59	2485	3437	1513	-1234	3437
Name Changes Pre Financial Crisis	146	12	0	0	0	0	1
Name Changes Post Financial Crisis	146	12	1	2	1	0	2
Name Changes Pre Brexit	146	35	1	1	1	0	2
Name Changes Post Brexit	146	35	1	0	1	0	2
Name Changes Pre Covid	146	41	2	2	1	0	2
Name Changes Post Covid	146	41	0	0	1	0	2
Name Change Pre Control	146	26	1	0	1	0	2
Name Change Post Control	146	26	1	2	1	0	2
Address Change Pre Financial Crisis	146	13	0	0	0	0	1
Address Change Post Financial Crisis	146	13	1	1	0	0	1
Address Change Pre Brexit	146	76	0	0	0	0	1
Address Change Post Brexit	146	76	1	1	0	0	1
Address Change Pre Covid	146	92	1	1	0	0	1
Address Change Post Covid	146	92	0	0	0	0	1
Address Change Pre Control	146	41	0	0	0	0	1
Address Change Post Control	146	41	1	1	0	0	1
Article Amendments Pre Financial Crisis	146	15	0	0	0	0	0
Article Amendments Post Financial Crisis	146	15	0	0	0	0	1
Article Amendments Pre Brexit	146	112	0	0	0	0	1
Article Amendments Post Brexit	146	112	0	0	0	0	1
Article Amendments Pre Covid	146	143	0	0	0	0	1
Article Amendments Post Covid	146	143	0	0	0	0	1
Article Amendment Pre Control	146	59	0	0	0	0	1
Article Amendment Post Control	146	59	0	0	0	0	1
Number of Directors Pre Financial Crisis	146	15	4	4	3	1	10
Number of Directors Post Financial Crisis	146	15	6	6	3	1	13
Number of Directors Pre Brexit	146	112	2	1	2	0	12
Number of Directors Post Brexit	146	112	4	4	2	1	14
Number of Directors Pre Covid	146	143	2	1	2	0	11
Number of Directors Post Covid	146	143	4	4	2	1	13
Number of Directors Pre Control	146	59	2	1	3	0	11
Number of Directors Post Control	146	59	5	4	3	1	14
Number of Employees Pre Financial Crisis	146	2	6	6	1	5	7
Number of Employees Post Financial Crisis	146	8	15	12	12	4	42
Number of Employees Pre Brexit	146	12	124	6	412	1	1431
Number of Employees Post Brexit	146	58	31	6	172	1	1313
Number of Employees Pre Covid	146	63	30	4	174	1	1384
Number of Employees Post Covid	146	63	30	6	153	1	1223
Number of Employees Pre Control	146	4	5	6	3	2	8
Number of Employees Post Control	146	33	51	7	236	1	1366
Turnover Pre Financial Crisis	146	8	1089150	288421	2184180	32222	6440897
Turnover Post Financial Crisis	146	14	812511	396103	1110434	25055	3615020
Turnover Pre Brexit	146	59	1173117	120857	6204922	500	47647534
Turnover Post Brexit	146	80	1194501	216049	6735666	485	60306642
Turnover Pre Covid	146	101	908154	163840	5443351	595	54558293
Turnover Post Covid	146	86	1104443	230937	6001039	208	55657002
Turnover Pre Control	146	23	514461	99458	1103379	6799	4604956
Turnover Post Control	146	44	1790199	203084	8216721	866	54680371
Profit/Loss Pre Tax Pre Financial Crisis	146	10	-8451	3945	101794	-272454	115487
Profit/Loss Pre Tax Post Financial Crisis	146	14	15984	-848	54365	-27493	186452
Profit/Loss Pre Tax Pre Brexit	146	55	29018	1697	153844	-101977	1117778
Profit/Loss Pre Tax Post Brexit	146	76	81641	5165	555106	-537663	4582250
Profit/Loss Pre Tax Pre Covid	146	98	59885	1941	461538	-149518	4408112
Profit/Loss Pre Tax Post Covid	146	84	101468	10743	578866	-537663	4756388
Profit/Loss Pre Tax Pre Control	146	23	-45	238	64747	-208440	209247
Profit/Loss Pre Tax Post Control	146	42	150162	4991	729923	-28077	4582250
Net Assets (Liab) Pre Financial	146	11	84395	33940	134647	4288	476041
Net Assets (Liab) Post Financial	146	15	166354	42180	265492	-1600	767138
Net Assets (Liab) Pre Brexit	146	78	71228	7541	207082	-25694	1461492
Net Assets (Liab) Post Brexit	146	87	368171	23063	1133239	-100730	5937029
Net Assets (Liab) Pre Covid	146	116	230846	8101	863244	-67991	5856859
Net Assets (Liab) Post Covid	146	100	313269	24276	1279646	-965109	10085869
Net Assets (Liab) Pre Control	146	30	65953	6422	146370	-6627	640025
Net Assets (Liab) Post Control	146	45	247316	23035	720263	-14057	3623984

**Descriptive Statistics - Pivoted**

	Total N	Valid N	Mean	Median	Standard Deviation	Minimum	Maximum
Number of Days Active Pre Financial Crisis	1433	80	1757	639	4842	1	41005
Number of Days Active Post Financial Crisis	1433	80	3822	4915	1673	194	5243
Number of Days Active Pre Brexit	1433	741	1724	1455	2115	1	44246
Number of Days Active Post Brexit	1433	539	1583	2002	638	5	2002
Number of Days Active Pre Covid	1433	1235	2086	1765	2067	1	45618
Number of Days Active Post Covid	1433	833	582	630	122	5	630
Number of days Pre Control	1433	375	1323	869	2399	2	39407
Number of days Post Control	1433	375	1930	2409	1545	-1612	3437
Name Changes Pre Financial Crisis	1433	53	0	0	0	0	1
Name Changes Post Financial Crisis	1433	53	1	2	1	0	2
Name Changes Pre Brexit	1433	201	1	1	1	0	2
Name Changes Post Brexit	1433	201	1	0	1	0	2
Name Changes Pre Covid	1433	275	2	2	1	0	2
Name Changes Post Covid	1433	275	0	0	1	0	2
Name Change Pre Control	1433	113	1	0	1	0	2
Name Change Post Control	1433	113	1	2	1	0	2
Address Change Pre Financial Crisis	1433	65	0	0	0	0	1
Address Change Post Financial Crisis	1433	65	1	1	0	0	1
Address Change Pre Brexit	1433	428	0	0	0	0	1
Address Change Post Brexit	1433	428	1	1	0	0	1
Address Change Pre Covid	1433	593	1	1	0	0	1
Address Change Post Covid	1433	593	0	0	0	0	1
Address Change Pre Control	1433	236	0	0	0	0	1
Address Change Post Control	1433	236	1	1	0	0	1
Article Amendments Pre Financial Crisis	1433	80	0	0	0	0	0
Article Amendments Post Financial Crisis	1433	80	0	0	0	0	1
Article Amendments Pre Brexit	1433	741	0	0	0	0	1
Article Amendments Post Brexit	1433	741	0	0	0	0	1
Article Amendments Pre Covid	1433	1235	0	0	0	0	1
Article Amendments Post Covid	1433	1235	0	0	0	0	1
Article Amendment Pre Control	1433	375	0	0	0	0	1
Article Amendment Post Control	1433	375	0	0	0	0	1
Number of Directors Pre Financial Crisis	1433	80	4	3	4	1	20
Number of Directors Post Financial Crisis	1433	80	5	4	3	1	16
Number of Directors Pre Brexit	1433	741	2	1	2	0	18
Number of Directors Post Brexit	1433	741	3	3	2	0	15
Number of Directors Pre Covid	1433	1235	1	1	2	0	17
Number of Directors Post Covid	1433	1235	3	3	2	0	19
Number of Directors Pre Control	1433	375	2	1	2	0	20
Number of Directors Post Control	1433	375	4	3	2	1	14
Number of Employees Pre Financial Crisis	1433	4	96	28	145	16	313
Number of Employees Post Financial Crisis	1433	31	68	8	286	1	1601
Number of Employees Pre Brexit	1433	53	148	5	333	1	1219
Number of Employees Post Brexit	1433	240	43	4	210	1	2023
Number of Employees Pre Covid	1433	285	37	4	171	1	1493
Number of Employees Post Covid	1433	285	39	3	214	1	2571
Number of Employees Pre Control	1433	11	172	22	432	2	1450
Number of Employees Post Control	1433	124	75	5	260	1	1618
Turnover Pre Financial Crisis	1433	16	1392849	150931	3766505	1457	15231000
Turnover Post Financial Crisis	1433	50	2136548	172157	11619431	967	82332304
Turnover Pre Brexit	1433	263	1446351	35043	7287818	110	58709390
Turnover Post Brexit	1433	329	1574671	54537	9209397	4	105955218
Turnover Pre Covid	1433	518	926710	31510	6114453	113	77413771
Turnover Post Covid	1433	367	1587335	32815	9652179	4	126599103
Turnover Pre Control	1433	101	807006	41401	4500694	559	43507706
Turnover Post Control	1433	181	2418784	75672	10661618	350	86646149
Profit/Loss Pre Tax Pre Financial Crisis	1433	24	17015	2634	122099	-178887	551000
Profit/Loss Pre Tax Post Financial Crisis	1433	51	35562	63	215322	-154798	1223102
Profit/Loss Pre Tax Pre Brexit	1433	260	34892	378	208085	-1096370	1459333
Profit/Loss Pre Tax Post Brexit	1433	328	18424	368	142174	-1214382	1043976
Profit/Loss Pre Tax Pre Covid	1433	513	13116	194	105506	-487523	1199364
Profit/Loss Pre Tax Post Covid	1433	359	35551	821	219086	-744898	1897427
Profit/Loss Pre Tax Pre Control	1433	98	4565	384	68752	-144537	491229
Profit/Loss Pre Tax Post Control	1433	178	34797	417	169851	-487523	1304421
Net Assets (Liab) Pre Financial	1433	51	66924	2561	245306	-56613	1554667
Net Assets (Liab) Post Financial	1433	74	193361	4492	707345	-172910	5034582
Net Assets (Liab) Pre Brexit	1433	427	73664	1136	361377	-1644005	3283363
Net Assets (Liab) Post Brexit	1433	449	148414	4073	666937	-1015622	7836532
Net Assets (Liab) Pre Covid	1433	738	76359	1592	399247	-536612	4652579
Net Assets (Liab) Post Covid	1433	574	135656	4301	677053	-298628	9618619
Net Assets (Liab) Pre Control	1433	172	61516	1270	290057	-177932	2799438
Net Assets (Liab) Post Control	1433	245	145708	3949	661085	-435624	7034939

**Descriptive Statistics - Dissolved**

	Total N	Valid N	Mean	Median	Standard Deviation	Minimum	Maximum
Number of Days Active Pre Financial Crisis	16638	915	563	343	840	0	6643
Number of Days Active Post Financial Crisis	16638	910	2844	2529	1912	47	5243
Number of Days Active Pre Brexit	16638	11300	1590	1450	1088	0	9884
Number of Days Active Post Brexit	16638	7101	1423	2002	720	5	2002
Number of Days Active Pre Covid	16638	16208	2265	2178	1411	0	11256
Number of Days Active Post Covid	16638	8321	581	630	122	5	630
Number of days Pre Control	16638	5722	1018	848	817	1	8449
Number of days Post Control	16638	5722	1425	1111	1587	-1934	3437
Name Changes Pre Financial Crisis	16638	365	0	0	0	0	1
Name Changes Post Financial Crisis	16638	365	1	1	1	0	2
Name Changes Pre Brexit	16638	2456	1	2	1	0	2
Name Changes Post Brexit	16638	2456	1	0	1	0	2
Name Changes Pre Covid	16638	3222	2	2	1	0	2
Name Changes Post Covid	16638	3222	0	0	1	0	3
Name Change Pre Control	16638	1387	1	0	1	0	2
Name Change Post Control	16638	1387	1	2	1	0	2
Address Change Pre Financial Crisis	16638	583	0	0	0	0	1
Address Change Post Financial Crisis	16638	583	1	1	0	0	1
Address Change Pre Brexit	16638	5592	0	0	1	0	1
Address Change Post Brexit	16638	5592	0	0	1	0	1
Address Change Pre Covid	16638	7238	1	1	0	0	1
Address Change Post Covid	16638	7238	0	0	0	0	1
Address Change Pre Control	16638	3043	0	0	0	0	1
Address Change Post Control	16638	3043	1	1	0	0	1
Article Amendments Pre Financial Crisis	16638	915	0	0	0	0	0
Article Amendments Post Financial Crisis	16638	915	0	0	0	0	1
Article Amendments Pre Brexit	16638	11300	0	0	0	0	1
Article Amendments Post Brexit	16638	11300	0	0	0	0	1
Article Amendments Pre Covid	16638	16208	0	0	0	0	1
Article Amendments Post Covid	16638	16208	0	0	0	0	1
Article Amendment Pre Control	16638	5722	0	0	0	0	1
Article Amendment Post Control	16638	5722	0	0	0	0	1
Number of Directors Pre Financial Crisis	16638	915	3	2	2	0	20
Number of Directors Post Financial Crisis	16638	915	4	3	2	0	18
Number of Directors Pre Brexit	16638	11300	1	1	1	0	18
Number of Directors Post Brexit	16638	11300	3	3	2	0	26
Number of Directors Pre Covid	16638	16208	1	1	1	0	16
Number of Directors Post Covid	16638	16208	3	3	2	0	34
Number of Directors Pre Control	16638	5722	1	1	2	0	20
Number of Directors Post Control	16638	5722	3	3	2	0	23
Number of Employees Pre Financial Crisis	16638	17	85	11	241	1	1005
Number of Employees Post Financial Crisis	16638	202	11	4	24	1	285
Number of Employees Pre Brexit	16638	319	18	3	114	1	1691
Number of Employees Post Brexit	16638	2419	7	3	26	1	829
Number of Employees Pre Covid	16638	2928	7	3	30	1	970
Number of Employees Post Covid	16638	2796	6	3	18	1	449
Number of Employees Pre Control	16638	69	18	3	68	1	542
Number of Employees Post Control	16638	1146	10	3	45	1	970
Turnover Pre Financial Crisis	16638	116	426903	23943	3858312	165	41609186
Turnover Post Financial Crisis	16638	343	234155	39230	1230403	63	20750593
Turnover Pre Brexit	16638	2399	164642	16864	2298500	-1422	102998667
Turnover Post Brexit	16638	2428	166737	18194	2100234	1	92708000
Turnover Pre Covid	16638	4285	123895	15281	1705930	-405	100426000
Turnover Post Covid	16638	1784	94167	11261	694690	-3737	22749191
Turnover Pre Control	16638	895	132322	19441	994421	20	27751159
Turnover Post Control	16638	1531	241295	24324	2819553	7	100426000
Profit/Loss Pre Tax Pre Financial Crisis	16638	157	4618	298	36765	-102416	344376
Profit/Loss Pre Tax Post Financial Crisis	16638	369	2417	-12	35765	-229168	322950
Profit/Loss Pre Tax Pre Brexit	16638	2467	941	99	30567	-692785	749790
Profit/Loss Pre Tax Post Brexit	16638	2541	1867	-2	41375	-582854	1100429
Profit/Loss Pre Tax Pre Covid	16638	4401	901	57	27096	-563604	621871
Profit/Loss Pre Tax Post Covid	16638	2006	2689	3	46803	-710981	1103667
Profit/Loss Pre Tax Pre Control	16638	949	2569	216	28489	-238722	359468
Profit/Loss Pre Tax Post Control	16638	1573	1851	3	41487	-453487	746066
Net Assets (Liab) Pre Financial	16638	405	82570	1000	642514	-162604	8216389
Net Assets (Liab) Post Financial	16638	639	65055	1706	367538	-281937	4682875
Net Assets (Liab) Pre Brexit	16638	5538	20134	631	200328	-778649	7804338
Net Assets (Liab) Post Brexit	16638	5022	40530	1644	286302	-844860	7177030
Net Assets (Liab) Pre Covid	16638	8689	22697	775	203410	-769190	7560144
Net Assets (Liab) Post Covid	16638	5569	45187	2484	314547	-2069593	7353936
Net Assets (Liab) Pre Control	16638	2280	29209	631	302702	-211046	7461389
Net Assets (Liab) Post Control	16638	3060	36485	1481	260071	-744735	7769187

**Descriptive Statistics – No Transformation**

	Total N	Valid N	Mean	Median	Standard Deviation	Minimum	Maximum
Number of Days Active Pre Financial Crisis	21417	400	1081	373	3065	0	36356
Number of Days Active Post Financial Crisis	21417	399	3531	4295	1854	26	5243
Number of Days Active Pre Brexit	21417	5843	1437	1197	1385	0	39597
Number of Days Active Post Brexit	21417	4396	1505	2002	690	5	2002
Number of Days Active Pre Covid	21417	12797	1556	1157	1509	0	40969
Number of Days Active Post Covid	21417	9197	583	630	115	5	630
Number of days Pre Control	21417	2485	1056	771	1534	1	38162
Number of days Post Control	21417	2485	1917	2105	1509	-1906	3437
Name Changes Pre Financial Crisis	21417	193	0	0	0	0	1
Name Changes Post Financial Crisis	21417	193	1	2	1	0	2
Name Changes Pre Brexit	21417	1297	1	1	1	0	2
Name Changes Post Brexit	21417	1297	1	0	1	0	2
Name Changes Pre Covid	21417	2200	2	2	1	0	2
Name Changes Post Covid	21417	2200	0	0	1	0	2
Name Change Pre Control	21417	648	1	0	1	0	2
Name Change Post Control	21417	648	1	2	1	0	2
Address Change Pre Financial Crisis	21417	291	0	0	0	0	1
Address Change Post Financial Crisis	21417	291	1	1	0	0	1
Address Change Pre Brexit	21417	3160	0	0	0	0	1
Address Change Post Brexit	21417	3160	1	1	0	0	1
Address Change Pre Covid	21417	5428	1	1	0	0	1
Address Change Post Covid	21417	5428	0	0	0	0	1
Address Change Pre Control	21417	1500	0	0	0	0	1
Address Change Post Control	21417	1500	1	1	0	0	1
Article Amendments Pre Financial Crisis	21417	400	0	0	0	0	0
Article Amendments Post Financial Crisis	21417	400	0	0	0	0	1
Article Amendments Pre Brexit	21417	5843	0	0	0	0	1
Article Amendments Post Brexit	21417	5843	0	0	0	0	1
Article Amendments Pre Covid	21417	12797	0	0	0	0	1
Article Amendments Post Covid	21417	12797	0	0	0	0	1
Article Amendment Pre Control	21417	2485	0	0	0	0	1
Article Amendment Post Control	21417	2485	0	0	0	0	1
Number of Directors Pre Financial Crisis	21417	400	3	2	3	0	19
Number of Directors Post Financial Crisis	21417	400	5	4	3	0	18
Number of Directors Pre Brexit	21417	5843	1	1	1	0	17
Number of Directors Post Brexit	21417	5843	3	3	2	0	41
Number of Directors Pre Covid	21417	12797	1	1	1	0	20
Number of Directors Post Covid	21417	12797	3	3	2	0	40
Number of Directors Pre Control	21417	2485	1	1	2	0	19
Number of Directors Post Control	21417	2485	4	3	2	0	18
Number of Employees Pre Financial Crisis	21417	21	28	7	54	1	240
Number of Employees Post Financial Crisis	21417	137	24	5	75	1	660
Number of Employees Pre Brexit	21417	290	24	3	117	1	1485
Number of Employees Post Brexit	21417	1630	11	3	67	1	1616
Number of Employees Pre Covid	21417	2203	9	3	55	1	1552
Number of Employees Post Covid	21417	2542	9	3	62	1	1605
Number of Employees Pre Control	21417	85	28	4	70	1	415
Number of Employees Post Control	21417	717	15	3	80	1	1558
Turnover Pre Financial Crisis	21417	92	361785	38087	1158678	45	8541424
Turnover Post Financial Crisis	21417	298	448861	51440	2556950	-2351	33496704
Turnover Pre Brexit	21417	2168	229842	20877	2288100	-2351	62729232
Turnover Post Brexit	21417	2639	318035	26585	3914544	9	164124837
Turnover Pre Covid	21417	4453	183952	18543	2467443	-2351	130326302
Turnover Post Covid	21417	3296	255558	20987	2743026	-9992	79400242
Turnover Pre Control	21417	722	200620	24243	1042273	-3158	16769396
Turnover Post Control	21417	1432	324148	35063	2624936	-175	58616591
Profit/Loss Pre Tax Pre Financial Crisis	21417	122	7819	1005	37519	-109212	256115
Profit/Loss Pre Tax Post Financial Crisis	21417	294	6199	493	75174	-380961	987873
Profit/Loss Pre Tax Pre Brexit	21417	2083	3888	192	57726	-717814	1419040
Profit/Loss Pre Tax Post Brexit	21417	2621	6531	127	124494	-776500	5163334
Profit/Loss Pre Tax Pre Covid	21417	4402	3007	134	70219	-945000	2657823
Profit/Loss Pre Tax Post Covid	21417	3323	10450	275	140753	-432376	6245486
Profit/Loss Pre Tax Pre Control	21417	709	4235	358	62802	-717814	914407
Profit/Loss Pre Tax Post Control	21417	1406	7514	131	103250	-365036	3106281
Net Assets (Liab) Pre Financial	21417	205	73241	2870	446845	-264975	4260422
Net Assets (Liab) Post Financial	21417	340	143309	7086	1002628	-624717	16494133
Net Assets (Liab) Pre Brexit	21417	3188	39504	1183	731510	-342639	38039154
Net Assets (Liab) Post Brexit	21417	3413	86671	2696	925942	-1199579	40746631
Net Assets (Liab) Pre Covid	21417	6314	40793	1277	602713	-3821394	39801575
Net Assets (Liab) Post Covid	21417	5562	77570	2397	1026883	-1074253	52370691
Net Assets (Liab) Pre Control	21417	1142	38347	1800	352773	-342639	9598976
Net Assets (Liab) Post Control	21417	1715	90057	3118	1127420	-867409	39731327

**Table 2 – Descriptive Statistics Before and After Exogenous Shocks**

		Before Financial Crisis				After Financial Crisis			
		Dehybridized	Pivoted	Dissolved	No Transformation	Dehybridized	Pivoted	Dissolved	No Transformation
Days Active	Mean	1023.53	1756.66	562.80	1082.90	4400.60	3821.84	2843.97	3530.72
	Std.Dev.	1216.023	4841.693	842.563	3068.853	1563.651	1672.556	1911.759	1853.757
	N	15	80	910	399	15	80	910	399
Name Changes	Mean	0.25	0.21	0.32	0.30	1.42	1.36	1.15	1.20
	Std.Dev.	0.452	0.409	0.468	0.460	0.900	0.811	0.880	0.875
	N	12	53	365	193	12	53	365	193
Address Change	Mean	0.15	0.09	0.15	0.12	0.77	0.86	0.82	0.85
	Std.Dev.	0.376	0.292	0.355	0.326	0.439	0.348	0.382	0.359
	N	13	65	583	291	13	65	583	291
Article Amendment	Mean	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
	Std.Dev.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	N	15	80	915	400	15	80	915	400
Number of Directors	Mean	4.38	3.83	2.66	3.16	5.74	4.74	3.83	4.65
	Std.Dev.	2.783	3.619	2.170	2.675	3.057	2.875	2.019	2.639
	N	15	80	915	400	15	80	915	400
Number of Employees	Mean	6.00	123.22	98.63	33.90	10.71	65.15	21.42	61.92
	Std.Dev.	1.414	164.645	275.898	58.298	4.647	76.608	27.630	121.075
	N	2	3	13	17	2	3	13	17
Turnover	Mean	1089150.19	1852719.36	523515.25	403431.64	1256841.12	1251647.70	218505.00	764012.04
	Std.Dev.	2184180.008	4292136.099	4355888.439	1229471.589	1315453.376	1859294.406	633830.368	3078471.694
	N	8	12	91	81	8	12	91	81
Profit (Loss)	Mean	-8451.20	25256.09	6287.45	8634.45	24340.12	35606.26	3019.71	1229.78
	Std.Dev.	101794.293	131645.769	39076.055	39114.740	62966.440	210514.023	27011.561	62244.200
	N	10	20	130	111	10	20	130	111
Net Tangible Assets (Liab.)	Mean	84395.23	68182.59	89221.68	78167.61	226073.69	170848.63	81663.78	203089.23
	Std.Dev.	134647.410	247630.301	669940.833	461351.799	289767.536	498623.189	439936.154	1310258.794
	N								
		Before Brexit Vote				After Brexit Vote			
		Dehybridized	Pivoted	Dissolved	No Transformation	Dehybridized	Pivoted	Dissolved	No Transformation
Days Active	Mean	1643.23	1544.26	1270.85	1234.12	1778.94	1582.90	1423.10	1505.07
	Std.Dev.	1408.093	2355.066	1062.921	1444.595	517.784	637.509	719.551	690.187
	N	95	539	7101	4396	95	539	7101	4396
Name Changes	Mean	1.00	0.95	1.20	1.07	0.86	0.90	0.66	0.81
	Std.Dev.	0.939	0.921	0.907	0.941	1.004	0.995	0.934	0.978
	N	35	201	2456	1297	35	201	2456	1297
Address Change	Mean	0.41	0.46	0.50	0.39	0.58	0.53	0.50	0.61
	Std.Dev.	0.495	0.499	0.500	0.488	0.497	0.500	0.500	0.489
	N	76	428	5592	3160	76	428	5592	3160
Article Amendment	Mean	0.04	0.06	0.04	0.04	0.18	0.08	0.04	0.06
	Std.Dev.	0.207	0.244	0.189	0.185	0.385	0.267	0.191	0.235
	N	112	741	113000	5843	112	741	113000	5843
Number of Directors	Mean	1.98	1.54	1.33	1.28	4.28	3.46	3.05	3.36
	Std.Dev.	2.182	1.882	1.367	1.498	2.418	2.180	1.873	2.231
	N	112	741	113000	5843	112	741	113000	5843
Number of Employees	Mean	124.31	168.34	23.86	30.84	116.38	207.71	16.66	38.45
	Std.Dev.	411.597	357.736	140.084	136.814	376.942	471.896	71.475	165.056
	N	12	42	211	211	12	42	211	211
Turnover	Mean	1395762.58	1975236.72	242947.77	311854.68	1662374.87	2863780.11	232135.04	494589.85
	Std.Dev.	6798735.256	8680903.625	3187285.033	2809280.452	8578631.218	12574337.518	2863211.416	5385368.535
	N	49	173	1235	1362	49	173	1235	1362
Profit (Loss)	Mean	35561.86	52653.26	1569.85	6483.33	44762.42	36221.97	2315.66	12129.62
	Std.Dev.	169688.261	254692.553	34631.266	68650.695	223586.531	192933.209	48257.155	172511.417
	N	45	171	1299	1312	45	171	1299	1312
Net Tangible Assets (Liab.)	Mean	81269.44	92000.68	27306.68	54568.69	233104.78	201222.66	44800.07	104914.03
	Std.Dev.	220185.078	408472.939	240558.545	867898.748	866728.651	785839.830	297267.495	1100281.229
	N	68	315	3615	2262	68	315	3615	2262

		Before Covid-19 Lockdown				After Covid-19 Lockdown			
		Dehybridized	Pivoted	Dissolved	No Transformation	Dehybridized	Pivoted	Dissolved	No Transformation
Days Active	Mean	2533.80	1686.79	1721.19	1171.31	622.68	581.90	581.05	582.61
	Std. Dev.	1642.625	2233.454	1386.638	1404.423	51.005	122.080	121.715	115.417
	N	107	833	8321	9197	107	833	8321	9197
Name Changes	Mean	1.54	1.60	1.67	1.56	0.34	0.28	0.22	0.36
	Std. Dev.	0.778	0.725	0.664	0.780	0.762	0.699	0.622	0.766
	N	41	275	3222	2200	41	275	3222	2200
Address Change	Mean	0.67	0.69	0.76	0.61	0.32	0.31	0.24	0.39
	Std. Dev.	0.471	0.463	0.430	0.487	0.467	0.461	0.429	0.487
	N	92	593	7238	5428	92	593	7238	5428
Article Amendment	Mean	0.92	0.80	0.83	0.74	0.08	0.20	0.17	0.26
	Std. Dev.	0.277	0.402	0.375	0.437	0.277	0.402	0.375	0.437
	N	25	120	1008	735	25	120	1008	735
Number of Directors	Mean	2.12	1.38	1.37	1.02	4.04	3.20	2.93	3.06
	Std. Dev.	2.049	1.639	1.307	1.299	2.376	2.023	1.836	1.994
	N	143	1235	16208	12797	143	1235	16208	12797
Number of Employees	Mean	35.47	45.14	6.79	10.73	34.72	55.32	7.76	12.96
	Std. Dev.	190.944	197.317	17.548	64.060	168.692	258.462	19.869	81.679
	N	52	193	1988	1466	52	193	1988	1466
Turnover	Mean	1153894.26	1502315.66	110437.50	227925.68	1226361.75	2100149.26	125445.54	356692.39
	Std. Dev.	6263281.735	8214638.649	802987.301	2044907.157	6378051.771	11204739.560	847244.600	3335507.689
	N	76	270	1180	2217	76	270	1180	2217
Profit (Loss)	Mean	79232.34	27942.66	963.44	6219.39	120847.46	40318.08	2768.50	14105.86
	Std. Dev.	526729.334	140324.752	24446.565	96722.504	607288.994	236150.512	53903.620	171205.535
	N	75	260	1372	2202	75	260	1372	2202
Net Tangible Assets (Liab.)	Mean	284795.05	110579.34	33340.01	61885.91	336590.72	168549.27	53169.53	105719.74
	Std. Dev.	957343.059	479619.978	244124.036	752603.392	1324472.389	755400.785	344711.772	1221746.372
	N								

		Before Control Event				After Control Event			
		Dehybridized	Pivoted	Dissolved	No Transformation	Dehybridized	Pivoted	Dissolved	No Transformation
Days Active	Mean	1268.42	1323.41	1018.21	1055.96	2484.68	1930.28	1424.53	1916.84
	Std. Dev.	1190.261	2399.447	817.101	1533.816	1513.208	1545.128	1586.957	1508.727
	N	59	375	5722	2485	59	375	5722	2485
Name Changes	Mean	0.62	0.68	0.70	0.64	1.19	1.06	1.06	1.15
	Std. Dev.	0.852	0.816	0.823	0.817	0.981	0.994	0.992	0.983
	N	26	113	1387	648	26	113	1387	648
Address Change	Mean	0.17	0.22	0.28	0.23	0.80	0.76	0.72	0.77
	Std. Dev.	0.381	0.418	0.448	0.419	0.401	0.426	0.451	0.423
	N	41	236	3043	1500	41	236	3043	1500
Article Amendment	Mean	0.08	0.17	0.22	0.20	0.92	0.83	0.78	0.80
	Std. Dev.	0.289	0.376	0.413	0.402	0.289	0.376	0.413	0.402
	N	12	66	497	288	12	66	497	288
Number of Directors	Mean	2.24	1.77	1.41	1.48	4.56	3.78	3.22	3.62
	Std. Dev.	2.665	2.352	1.560	1.804	2.715	2.362	1.866	2.208
	N	59	375	5722	2485	59	375	5722	2485
Number of Employees	Mean	5.38	261.63	23.99	35.88	9.78	255.25	8.35	49.43
	Std. Dev.	2.869	534.215	85.233	81.746	6.738	601.743	13.803	143.503
	N	4	7	43	59	4	7	43	59
Turnover	Mean	577360.96	1113528.51	165127.68	248881.35	553620.94	1793273.59	136336.86	400719.27
	Std. Dev.	1173701.336	5502391.787	1257946.095	1207573.640	858428.757	10564085.293	398144.713	2615894.794
	N	20	67	530	530	20	67	530	530
Profit (Loss)	Mean	1120.27	9002.07	3690.89	7688.77	14477.07	44842.06	1462.60	7629.23
	Std. Dev.	69523.525	82308.016	31562.216	64266.119	27040.738	218626.236	37533.929	84282.584
	N	20	66	561	522	20	66	561	522
Net Tangible Assets (Liab.)	Mean	78155.82	63441.68	36686.22	48246.40	256051.12	178570.25	49845.97	107968.58
	Std. Dev.	157952.389	295687.134	346668.273	397248.403	664316.291	776232.903	334212.357	809633.440
	N	25	135	1678	897	25	135	1678	897

**Table 3 – Univariate Tests of Exogenous Shocks**

**Univariate Tests - Financial Crisis**

		Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
<b>Days Active</b>	Contrast	415132321.989	3	103783080.497	36.666	0.000	0.082
	Error	4653305861.046	1644	2830478.018			
<b>Name Changes</b>	Contrast	0.209	3	0.052	0.834	0.504	0.004
	Error	49.719	794	0.063			
<b>Address Change</b>	Contrast	0.023	3	0.006	0.689	0.599	0.002
	Error	9.632	1154	0.008			
<b>Article Amendment</b>	Contrast	1.006	3	0.252	8.590	0.000	0.020
	Error	48.322	1650	0.029			
<b>Number of Directors</b>	Contrast	399.192	3	99.798	19.772	0.000	0.046
	Error	8328.077	1650	5.047			
<b>Number of Employees</b>	Contrast	73610.187	3	18402.547	0.659	0.623	0.052
	Error	1340039.349	48	27917.486			
<b>Turnover</b>	Contrast	125928659764581.000	3	31482164941145.200	2.706	0.031	0.042
	Error	2862061223455690.000	246	11634395217299.600			
<b>Profit (Loss)</b>	Contrast	19209571456.796	3	4802392864.199	1.573	0.181	0.018
	Error	1029157987495.770	337	3053881268.533			
<b>Net Tangible Assets (Liab.)</b>	Contrast	1087163214541.170	3	271790803635.294	0.713	0.583	0.004
	Error	303576394887206.000	796	381377380511.565			

The F tests the effect of Dehybridized (1) Pivoting (2) Hybridized (3) No Transformation (4) Dissolved (5). This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

**Univariate Tests - Covid-19 Lockdown**

		Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
<b>Days Active</b>	Contrast	481655668.075	3	120413917.019	193.275	0.000	0.037
	Error	12440405447.147	19968	623017.100			
<b>Name Changes</b>	Contrast	0.911	3	0.228	9.518	0.000	0.006
	Error	155.558	6499	0.024			
<b>Address Change</b>	Contrast	0.014	3	0.004	5.245	0.000	0.001
	Error	9.958	14494	0.001			
<b>Article Amendment</b>	Contrast	1.503	3	0.376	24.980	0.000	0.003
	Error	492.199	32716	0.015			
<b>Number of Directors</b>	Contrast	435.284	3	108.821	50.378	0.000	0.006
	Error	70669.527	32716	2.160			
<b>Number of Employees</b>	Contrast	721848.447	3	180462.112	20.197	0.000	0.019
	Error	36625814.381	4099	8935.305			
<b>Turnover</b>	Contrast	2182608875320520.000	3	545652218830131.000	16.981	0.000	0.016
	Error	133451290940221000.000	4153	32133708389169.400			
<b>Profit (Loss)</b>	Contrast	5751835771647.200	3	1437958942911.800	2.724	0.028	0.003
	Error	2288011078506820.000	4334	527921337911.127			
<b>Net Tangible Assets (Liab.)</b>	Contrast	16852139405575.700	3	4213034851393.920	9.347	0.000	0.004
	Error	4496742629242310.000	9976	450756077510.255			

The F tests the effect of Dehybridized (1) Pivoting (2) Hybridized (3) No Transformation (4) Dissolved (5). This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

\*significance found at 0.05 or below.

Partial eta squared  $\eta^2 = 0.01$  indicates a small effect;  $\eta^2 = 0.06$  indicates a medium effect;  $\eta^2 = 0.14$  indicates a large effect.

### Univariate Tests - Brexit Vote

		Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
<b>Days Active</b>	Contrast	152977243.445	3	38244310.861	52.883	0.000	0.016
	Error	9520673125.874	13165	723180.640			
<b>Name Changes</b>	Contrast	0.698	3	0.175	5.758	0.000	0.005
	Error	136.602	4506	0.030			
<b>Address Change</b>	Contrast	0.019	3	0.005	4.695	0.001	0.002
	Error	9.942	10075	0.001			
<b>Article Amendment</b>	Contrast	2.138	3	0.534	26.7949984	0.000	0.005
	Error	386.861	19397	0.020			
<b>Number of Directors</b>	Contrast	411.327	3	102.832	42.741	0.000	0.009
	Error	46668.134	19397	2.406			
<b>Number of Employees</b>	Contrast	1704059.961	3	426014.990	9.047	0.000	0.062
	Error	25757578.466	547	47088.809			
<b>Turnover</b>	Contrast	1552681635329180.000	3	388170408832295.000	13.381	0.000	0.017
	Error	90592031661763000.000	3123	29008015261531.500			
<b>Profit (Loss)</b>	Contrast	475103700607.760	3	118775925151.940	2.100	0.078	0.003
	Error	176665994062659.000	3124	56551214488.687			
<b>Net Tangible Assets (Liab.)</b>	Contrast	9180112816366.490	3	2295028204091.620	5.857	0.000	0.003
	Error	2687470784242230.000	6858	391873838472.182			

The F tests the effect of Dehybridized (1) Pivoting (2) Hybridized (3) No Transformation (4) Dissolved (5). This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

### Univariate Tests - Control Event

		Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
<b>Days Active</b>	Contrast	407150092.167	3	101787523.042	96.730	0.000	0.040
	Error	9840962577.813	9352	1052284.279			
<b>Name Changes</b>	Contrast	0.841	3	0.210	4.574	0.001	0.007
	Error	113.767	2475	0.046			
<b>Address Change</b>	Contrast	0.029	3	0.007	3.921	0.004	0.003
	Error	9.895	5297	0.002			
<b>Article Amendment</b>	Contrast	1.958	3	0.490	20.946	0.000	0.009
	Error	218.567	9352	0.023			
<b>Number of Directors</b>	Contrast	546.540	3	136.635	49.523	0.000	0.021
	Error	25802.165	9352	2.759			
<b>Number of Employees</b>	Contrast	420551.600	3	105137.900	3.515	0.009	0.096
	Error	3948070.892	132	29909.628			
<b>Turnover</b>	Contrast	203375279046528.000	3	50843819761631.900	7.563	0.000	0.023
	Error	8591636523824320.000	1278	6722720284682.570			
<b>Profit (Loss)</b>	Contrast	77189829775.597	3	19297457443.899	2.805	0.025	0.009
	Error	8916272918123.200	1296	6879840214.601			
<b>Net Tangible Assets (Liab.)</b>	Contrast	3826684160164.880	3	956671040041.220	4.713	0.001	0.006
	Error	618250848645238.000	3046	202971388261.733			

The F tests the effect of Dehybridized (1) Pivoting (2) Hybridized (3) No Transformation (4) Dissolved (5). This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

\*significance found at 0.05 or below.

Partial eta squared  $\eta^2 = 0.01$  indicates a small effect;  $\eta^2 = 0.06$  indicates a medium effect;  $\eta^2 = 0.14$  indicates a large effect

**Table 4 – Aggregated Tests Before and After Exogenous Shocks**

Aggregated Tests Before vs. After Financial Crisis

Model	Multivariate Tests <sup>a</sup> (Wilks' Lambda)					Tests of Within-Subjects Effects (Greenhouse-Geisser)		
	Effect	Value	F	df	Sig.	Partial Eta Squared	Type III Sum of Squares	Mean Square
Dehybridized1Pivoted2Dissolved3NoTransformation4	Time	0.896	191.303 <sup>b</sup>	1.000	0.000	0.104	807653599.802	807653599.802
	Time*	0.991	3.527 <sup>b</sup>	3.000	0.007	0.009	59562842.885	14890710.721
	Model							
	Error (Time)			1644.000			6940744157.494	4221863.843
Name Changes	Time	0.859	130.340 <sup>b</sup>	1.000	0.000	0.141	108.607	108.607
	Time*	0.995	1.074 <sup>b</sup>	3.000	0.368	0.005	3.580	0.895
	Model							
	Error (Time)			794.000			661.612	0.833
Address Change	Time	0.829	238.097 <sup>b</sup>	1.000	0.000	0.171	58.207	58.207
	Time*	0.998	.610 <sup>b</sup>	3.000	0.656	0.002	0.596	0.149
	Model							
	Error (Time)			1154.000			282.113	0.244
Article Amendment	Time	0.955	76.961 <sup>b</sup>	1.000	0.000	0.045	4.508	4.508
	Time*	0.98	8.590 <sup>b</sup>	3.000	0.000	0.020	2.012	0.503
	Model							
	Error (Time)			1650.000			96.644	0.059
Number of Directors	Time	0.959	71.256 <sup>b</sup>	1.000	0.000	0.041	159.754	159.754
	Time*	0.972	12.052 <sup>b</sup>	3.000	0.000	0.028	108.078	27.020
	Model							
	Error (Time)			1650.000			3699.258	2.242
Number of Employees	Time	0.997	.162 <sup>b</sup>	1.000	0.689	0.003	2680.505	2680.505
	Time*	0.933	.867 <sup>b</sup>	3.000	0.491	0.067	57474.967	14368.742
	Model							
	Error (Time)			48.000			795634.231	16575.713
Turnover	Time	1.000	.044 <sup>b</sup>	1.000	0.834	0.000	200783758781.103	200783758781.103
	Time*	0.980	1.284 <sup>b</sup>	3.000	0.277	0.020	23322373775210.400	5830593443802.600
	Model							
	Error (Time)			246.000			1117363778366560.000	4542129180351.850
Profit (Loss)	Time	1.000	.001 <sup>b</sup>	1.000	0.972	0.000	6694262.087	6694262.087
	Time*	0.983	1.457 <sup>b</sup>	3.000	0.215	0.017	31757855470.080	7939463867.520
	Model							
	Error (Time)			337.000			1836876079015.990	5450670857.614
Net Tangible Assets (Liab.)	Time	0.997	2.257 <sup>b</sup>	1.000	0.133	0.003	788076450744.846	788076450744.846
	Time*	0.995	.969 <sup>b</sup>	3.000	0.423	0.005	1353783823721.600	338445955930.401
	Model							
	Error (Time)			796.000			277895264717621.000	349114654167.866

a. Design: Intercept + Dehybridized1Pivoted2Dissolved3NoTransformation4

b. Exact statistic

\*significance found at 0.05 or below.

Partial eta squared  $\eta^2 = 0.01$  indicates a small effect;  $\eta^2 = 0.06$  indicates a medium effect;  $\eta^2 = 0.14$  indicates a large effect.

Aggregated Tests Before vs. After Brexit Vote

Model Dehybridized1P ivoted2Dissolve d3NoTransform ation4	Multivariate Tests <sup>a</sup> (Wilks' Lambda)					Tests of Within-Subjects Effects (Greenhouse-Geisser)		
	Effect	Value	F	df	Sig.	Partial Eta Squared	Type III Sum of Squares	Mean Square
Days Active	Time	1.000	3.020 <sup>b</sup>	1.000	0.082	0.000	3595688.111	3595688.111
	Time*	0.992	27.950 <sup>b</sup>	3.000	0.000	0.008	133114482.110	33278620.528
	Model							
	Error (Time)			13165.000			15674942262.973	1190652.660
Name Changes	Time	0.997	12.796 <sup>b</sup>	1.000	0.000	0.003	21.637	21.637
	Time*	0.993	8.260 <sup>b</sup>	3.000	0.000	0.007	55.868	13.967
	Model							
	Error (Time)			4506.000			7619.369	1.691
Address Change	Time	0.998	16.978 <sup>b</sup>	1.000	0.000	0.002	8.331	8.331
	Time*	0.991	23.228 <sup>b</sup>	3.000	0.000	0.009	45.590	11.397
	Model							
	Error (Time)			10075.000			4943.610	0.491
Article Amendment	Time	0.998	31.896 <sup>b</sup>	1.000	0.000	0.002	1.398	1.398
	Time*	0.998	10.538 <sup>b</sup>	3.000	0.000	0.002	1.848	0.462
	Model							
	Error (Time)			19397.000			850.317	0.044
Number of Directors	Time	0.879	2660.615 <sup>b</sup>	1.000	0.000	0.121	4239.699	4239.699
	Time*	0.991	42.518 <sup>b</sup>	3.000	0.000	0.009	271.013	67.753
	Model							
	Error (Time)			19397.000			30909.187	1.594
Number of Employees	Time	0.995	2.504 <sup>b</sup>	1.000	0.114	0.005	10325.118	10325.118
	Time*	0.978	3.064 <sup>b</sup>	3.000	0.016	0.022	50519.603	12629.901
	Model							
	Error (Time)			547.000			2255077.137	4122.627
Turnover	Time	0.994	18.586 <sup>b</sup>	1.000	0.000	0.006	66447983135615.000	66447983135615.000
	Time*	0.990	7.526 <sup>b</sup>	3.000	0.000	0.010	107632472254860.000	26908118063715.000
	Model							
	Error (Time)			3123.000			11165500396457100.000	3575248285769.160
Profit (Loss)	Time	1.000	1.038 <sup>b</sup>	1.000	0.308	0.000	30683108984.328	30683108984.328
	Time*	0.997	2.538 <sup>b</sup>	3.000	0.038	0.003	300048991591.331	75012247897.833
	Model							
	Error (Time)			3124.000			92319988149834.400	29551852800.843
Net Tangible Assets (Liab.)	Time	0.992	56.920 <sup>b</sup>	1.000	0.000	0.008	4895459154089.930	4895459154089.930
	Time*	0.993	11.501 <sup>b</sup>	3.000	0.000	0.007	3956631029158.990	989157757289.748
	Model							
	Error (Time)			6858.000			589830695767527.000	86006225687.887

a. Design: Intercept + Dehybridized1Pivoted2Dissolved3NoTransformation4

b. Exact statistic

\*significance found at 0.05 or below.

Partial eta squared  $\eta^2 = 0.01$  indicates a small effect;  $\eta^2 = 0.06$  indicates a medium effect;  $\eta^2 = 0.14$  indicates a large effect.

Aggregated Tests Before vs. After Covid-19 Lockdown

Model Dehybridized1 Pivoted2Dissol ved3NoTransfo rmation4	Multivariate Tests <sup>a</sup> (Wilks' Lambda)					Tests of Within-Subjects Effects (Greenhouse-Geisser)		
	Effect	Value	F	df	Sig.	Partial Eta Squared	Type III Sum of Squares	Mean Square
Days Active	Time	0.936	1354.846 <sup>b</sup>	1.000	0.000	0.064	1649835994.553	1649835994.553
	Time*							
	Model	0.963	193.962 <sup>b</sup>	3.000	0.000	0.037	944773346.555	236193336.639
	Error (Time)						24315615915.421	1217729.162
Name Changes	Time	0.899	727.100 <sup>b</sup>	1.000	0.000	0.101	683.908	683.908
	Time*							
	Model	0.993	11.222 <sup>b</sup>	3.000	0.000	0.007	42.222	10.556
	Error (Time)						6112.938	0.941
Address Change	Time	0.978	321.112 <sup>b</sup>	1.000	0.000	0.022	132.546	132.546
	Time*							
	Model	0.979	76.770 <sup>b</sup>	3.000	0.000	0.021	126.754	31.688
	Error (Time)						14494.000	5982.717
Article Amendment	Time	0.994	198.652 <sup>b</sup>	1.000	0.000	0.006	6.256	6.256
	Time*							
	Model	0.998	15.589 <sup>b</sup>	3.000	0.000	0.002	1.964	0.491
	Error (Time)						32716.000	1030.230
Number of Directors	Time	0.894	3875.212 <sup>b</sup>	1.000	0.000	0.106	4905.954	4905.954
	Time*							
	Model	0.980	170.441 <sup>b</sup>	3.000	0.000	0.020	863.103	215.776
	Error (Time)						32716.000	41417.912
Number of Employees	Time	0.998	9.253 <sup>b</sup>	1.000	0.002	0.002	5466.470	5466.470
	Time*							
	Model	0.996	3.948 <sup>b</sup>	3.000	0.003	0.004	9329.627	2332.407
	Error (Time)						4099.000	2421580.499
Turnover	Time	0.995	19.942 <sup>b</sup>	1.000	0.000	0.005	47552636517014.800	47552636517014.800
	Time*							
	Model	0.992	8.051 <sup>b</sup>	3.000	0.000	0.008	76793610184244.700	19198402546061.200
	Error (Time)						4153.000	9903075018297400.000
Profit (Loss)	Time	0.999	2.381 <sup>b</sup>	1.000	0.123	0.001	1353824624902.380	1353824624902.380
	Time*							
	Model	0.998	2.385 <sup>b</sup>	3.000	0.049	0.002	5424433180973.810	1356108295243.450
	Error (Time)						4334.000	2464253224433570.000
Net Tangible Assets (Liab.)	Time	0.999	14.173 <sup>b</sup>	1.000	0.000	0.001	2647955434087.960	2647955434087.960
	Time*							
	Model	0.998	3.867 <sup>b</sup>	3.000	0.004	0.002	2890139567372.820	722534891843.206
	Error (Time)						9976.000	1863823974723620.000

a. Design: Intercept + Dehybridized1Pivoted2Dissolved3NoTransformation4

b. Exact statistic

\*significance found at 0.05 or below.

Partial eta squared  $\eta^2 = 0.01$  indicates a small effect;  $\eta^2 = 0.06$  indicates a medium effect;  $\eta^2 = 0.14$  indicates a large effect.

Aggregated Tests Before vs. After Control Event

Model Dehybridized1P ivoted2Dissolve d3NoTransformation4	Multivariate Tests <sup>a</sup> (Wilks' Lambda)					Tests of Within-Subjects Effects (Greenhouse-Geisser)		
	Effect	Value	F	df	Sig.	Partial Eta Squared	Type III Sum of Squares	Mean Square
Days Active	ne	0.989	103.722 <sup>b</sup>	1.000	0.000	0.011	234772776.897	234772776.897
	Time*							
	Model	0.988	28.948 <sup>b</sup>	3.000	0.000	0.012	262093865.526	65523466.382
	Error (Time)			9352.000			21167978393.095	2263470.743
Name Changes	ne	0.986	35.210 <sup>b</sup>	1.000	0.000	0.014	54.098	54.098
	Time*							
	Model	0.998	1.422 <sup>b</sup>	3.000	0.224	0.002	8.738	2.184
	Error (Time)			2475.000			3802.657	1.536
Address Change	ne	0.950	278.907 <sup>b</sup>	1.000	0.000	0.050	106.820	106.820
	Time*							
	Model	0.997	4.084 <sup>b</sup>	3.000	0.003	0.003	6.256	1.564
	Error (Time)			5297.000			2028.724	0.383
Article Amendment	ne	0.988	117.751 <sup>b</sup>	1.000	0.000	0.012	5.956	5.956
	Time*							
	Model	0.996	10.017 <sup>b</sup>	3.000	0.000	0.004	2.027	0.507
	Error (Time)			9352.000			472.998	0.051
Number of Directors	ne	0.881	1261.609 <sup>b</sup>	1.000	0.000	0.119	2250.133	2250.133
	Time*							
	Model	0.991	20.067 <sup>b</sup>	3.000	0.000	0.009	143.161	35.790
	Error (Time)			9352.000			16679.688	1.784
Number of Employees	ne	1.000	.000 <sup>b</sup>	1.000	0.990	0.000	0.841	0.841
	Time*							
	Model	0.984	.541 <sup>b</sup>	3.000	0.706	0.016	10872.034	2718.009
	Error (Time)			132.000			662582.616	5019.565
Turnover	ne	0.997	4.432 <sup>b</sup>	1.000	0.035	0.003	9192181779039.920	9192181779039.920
	Time*							
	Model	0.992	2.682 <sup>b</sup>	3.000	0.030	0.008	22250293079858.300	5562573269964.570
	Error (Time)			1278.000			2650339431633370.000	2073818021622.360
Profit (Loss)	ne	0.996	5.126 <sup>b</sup>	1.000	0.024	0.004	34288603029.002	34288603029.002
	Time*							
	Model	0.991	2.986 <sup>b</sup>	3.000	0.018	0.009	79890159750.723	19972539937.681
	Error (Time)			1296.000			8668748544236.160	6688849185.367
Net Tangible Assets (Liab.)	ne	0.994	18.651 <sup>b</sup>	1.000	0.000	0.006	2202328548573.180	2202328548573.180
	Time*							
	Model	0.994	4.757 <sup>b</sup>	3.000	0.001	0.006	2247051724184.020	561762931046.004
	Error (Time)			3046.000			359674254603742.000	118080845240.887

a. Design: Intercept + Dehybridized1Pivoted2Dissolved3NoTransformation4

b. Exact statistic

\*significance found at 0.05 or below.

Partial eta squared  $\eta^2 = 0.01$  indicates a small effect;  $\eta^2 = 0.06$  indicates a medium effect;  $\eta^2 = 0.14$  indicates a large effect.

**Table 5 – Pairwise Comparisons of Exogenous Shocks**

**Pairwise Comparisons - Financial Crisis**

	(I) Time Before Event	(J) Time After Event	Mean Difference (I-J)	Std. Error	Sig. <sup>b</sup>	Partial Eta Squared	95% Confidence Interval for Difference <sup>b</sup>	
							Lower Bound	Upper Bound
Days Active	1	2	-2368.924*	171.274	0.000	0.104	-2704.862	-2032.986
	2	1	2368.924*	171.274	0.000	0.104	2032.986	2704.862
Name Changes	1	2	-1.003*	0.088	0.000	0.141	-1.176	-0.831
	2	1	1.003*	0.088	0.000	0.141	0.831	1.176
Address Change	1	2	-.690*	0.045	0.000	0.171	-0.778	-0.602
	2	1	.690*	0.045	0.000	0.171	0.602	0.778
Article Amendment	1	2	-.177*	0.020	0.000	0.045	-0.217	-0.137
	2	1	.177*	0.020	0.000	0.045	0.137	0.217
Number of Directors	1	2	-1.053*	0.125	0.000	0.041	-1.298	-0.809
	2	1	1.053*	0.125	0.000	0.041	0.809	1.298
Number of Employees	1	2	14.823	36.861	0.689	0.003	-59.291	88.937
	2	1	-14.823	36.861	0.689	0.003	-88.937	59.291
Turnover	1	2	-63193.855	300566.309	0.834	0.000	-655205.541	528817.832
	2	1	63193.855	300566.309	0.834	0.000	-528817.832	655205.541
Profit (Loss)	1	2	-311.156	8878.757	0.972	0.000	-17775.922	17153.609
	2	1	311.156	8878.757	0.972	0.000	-17153.609	17775.922
Net Tangible Assets (Liab.)	1	2	-88591.467	58964.654	0.133	0.003	-204336.057	27153.124
	2	1	88591.467	58964.654	0.133	0.003	-27153.124	204336.057

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.

**Pairwise Comparisons - Brexit Vote**

	(I) Time (J) Time		Mean Difference (I-J)	Std. Error	Sig. <sup>a</sup>	Partial Eta Squared	95% Confidence Interval for Difference <sup>a</sup>	
	Before	After					Lower Bound	Upper Bound
	Event	Event						
Days Active	1	2	-62.805	36.140	0.082	0.000	-133.645	8.036
	2	1	62.805	36.140	0.082	0.000	-8.036	133.645
Name Changes	1	2	.252 <sup>*</sup>	0.070	0.000	0.003	0.114	0.390
	2	1	-.252 <sup>*</sup>	0.070	0.000	0.003	-0.390	-0.114
Address Change	1	2	-.107 <sup>*</sup>	0.026	0.000	0.002	-0.158	-0.056
	2	1	.107 <sup>*</sup>	0.026	0.000	0.002	0.056	0.158
Article Amendment	1	2	-.035 <sup>*</sup>	0.006	0.000	0.010	-0.048	-0.023
	2	1	.035 <sup>*</sup>	0.006	0.000	0.010	0.023	0.048
Number of Directors	1	2	-1.953 <sup>*</sup>	0.038	0.000	0.121	-2.028	-1.879
	2	1	1.953 <sup>*</sup>	0.038	0.000	0.121	1.879	2.028
Number of Employees	1	2	-10.354	6.542	0.114	0.005	-23.205	2.498
	2	1	10.354	6.542	0.114	0.005	-2.498	23.205
Turnover	1	2	-405739.502 <sup>*</sup>	94115.140	0.000	0.006	-590273.306	-221205.698
	2	1	405739.502 <sup>*</sup>	94115.140	0.000	0.006	221205.698	590273.306
Profit (Loss)	1	2	-8988.379	8821.127	0.308	0.000	-26284.171	8307.413
	2	1	8988.379	8821.127	0.308	0.000	-8307.413	26284.171
Net Tangible Assets (Liab.)	1	2	-89070.811 <sup>*</sup>	11806.023	0.000	0.008	-112214.276	-65927.346
	2	1	89070.811 <sup>*</sup>	11806.023	0.000	0.008	65927.346	112214.276

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.

**Pairwise Comparisons - Covid-19 Lockdown**

	(I) Time (J) Time		Mean Difference (I-J)	Std. Error	Sig. <sup>b</sup>	Partial Eta Squared	95% Confidence Interval for Difference <sup>b</sup>	
	Before	After					Lower Bound	Upper Bound
	Event	Event						
Days Active	1	2	1228.537*	33.377	0.000	0.064	1163.116	1293.958
	2	1	-1228.537*	33.377	0.000	0.064	-1293.958	-1163.116
Name Changes	1	2	1.283*	0.048	0.000	0.101	1.190	1.377
	2	1	-1.283*	0.048	0.000	0.101	-1.377	-1.190
Address Change	1	2	.382*	0.021	0.000	0.022	0.340	0.424
	2	1	-.382*	0.021	0.000	0.022	-0.424	-0.340
Article Amendment	1	2	.065*	0.005	0.000	0.006	0.056	0.074
	2	1	-.065*	0.005	0.000	0.006	-0.074	-0.056
Number of Directors	1	2	-1.812*	0.029	0.000	0.106	-1.870	-1.755
	2	1	1.812*	0.029	0.000	0.106	1.755	1.870
Number of Employees	1	2	-3.503*	1.152	0.002	0.002	-5.761	-1.245
	2	1	3.503*	1.152	0.002	0.002	1.245	5.761
Turnover	1	2	-279735.027*	62641.712	0.000	0.005	-402546.318	-156923.735
	2	1	279735.027*	62641.712	0.000	0.005	156923.735	402546.318
Profit (Loss)	1	2	-47335.408	30676.311	0.123	0.001	-107476.669	12805.853
	2	1	47335.408	30676.311	0.123	0.001	-12805.853	107476.669
Net Tangible Assets (Liab.)	1	2	-55452.746*	14729.634	0.000	0.001	-84325.800	-26579.691
	2	1	55452.746*	14729.634	0.000	0.001	26579.691	84325.800

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.

**Pairwise Comparisons - Control Event**

	(I) Time Before Event	(J) Time After Event	Mean Difference (I-J)	Std. Error	Sig. <sup>b</sup>	Partial Eta Squared	95% Confidence Interval for Difference <sup>b</sup>	
							Lower Bound	Upper Bound
Days Active	1	2	-636.783*	62.525	0.000	0.011	-759.346	-514.220
	2	1	636.783*	62.525	0.000	0.011	514.220	759.346
Name Changes	1	2	-.478*	0.081	0.000	0.014	-0.636	-0.320
	2	1	.478*	0.081	0.000	0.014	0.320	0.636
Address Change	1	2	-.520*	0.031	0.000	0.050	-0.582	-0.459
	2	1	.520*	0.031	0.000	0.050	0.459	0.582
Article Amendment	1	2	-.101*	0.009	0.000	0.012	-0.120	-0.083
	2	1	.101*	0.009	0.000	0.012	0.083	0.120
Number of Directors	1	2	-1.971*	0.056	0.000	0.119	-2.080	-1.863
	2	1	1.971*	0.056	0.000	0.119	1.863	2.080
Number of Employees	1	2	0.179	13.807	0.990	0.000	-27.133	27.490
	2	1	-0.179	13.807	0.990	0.000	-27.490	27.133
Turnover	1	2	-236488.119*	112327.307	0.035	0.003	-456854.296	-16121.942
	2	1	236488.119*	112327.307	0.035	0.003	16121.942	456854.296
Profit (Loss)	1	2	-14479.017*	6394.990	0.024	0.004	-27024.683	-1933.350
	2	1	14479.017*	6394.990	0.024	0.004	1933.350	27024.683
Net Tangible Assets (Liab.)	1	2	-95976.568*	22223.573	0.000	0.006	-139551.285	-52401.850
	2	1	95976.568*	22223.573	0.000	0.006	52401.850	139551.285

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.

**Table 6 – Pairwise Comparisons of Organizational Transformations**

Dehybridized (I)		Pairwise Comparisons - Dehybridized																			
		Financial Crisis					Brexit Vote					Covid-19 Lockdown					Control Event				
		Mean	Std. Error	Sig. <sup>b</sup>	95% Confidence Interval for Difference <sup>b</sup>		Mean	Std. Error	Sig. <sup>b</sup>	95% Confidence Interval for Difference <sup>b</sup>		Mean	Std. Error	Sig. <sup>b</sup>	95% Confidence Interval for Difference <sup>b</sup>		Mean	Std. Error	Sig. <sup>b</sup>	95% Confidence Interval for Difference <sup>b</sup>	
(J)	Difference (I-J)		Lower Bound	Upper Bound	Difference (I-J)			Lower Bound	Upper Bound	Difference (I-J)			Lower Bound	Upper Bound	Difference (I-J)			Lower Bound	Upper Bound		
Days Active	Pivoted	-77.183	473.370	1.000	-1407.746	1253.380	147.506	94.626	1.000	-118.158	413.170	443.897*	81.059	0.000	216.338	671.457	249.706	143.671	0.822	-153.680	653.091
	No Transformation	405.256	442.484	1.000	-838.492	1649.004	341.490*	88.187	0.001	93.905	589.076	701.287*	76.748	0.000	485.827	916.746	390.147*	135.125	0.039	10.757	769.538
	Dissolved	1008.684	437.960	0.214	-222.347	2239.714	364.108*	87.831	0.000	117.522	610.694	427.122*	76.795	0.000	211.532	642.712	655.182*	134.236	0.000	278.288	1032.076
Name Changes	Pivoted	0.050	0.080	1.000	-0.175	0.276	0.003	0.032	1.000	-0.086	0.093	-0.003	0.026	1.000	-0.076	0.070	0.032	0.047	1.000	-0.099	0.163
	No Transformation	0.082	0.074	1.000	-0.128	0.292	-0.014	0.030	1.000	-0.098	0.070	-0.022	0.024	1.000	-0.091	0.046	0.010	0.043	1.000	-0.110	0.131
	Dissolved	0.098	0.073	1.000	-0.109	0.304	0.000	0.030	1.000	-0.083	0.083	-0.003	0.024	1.000	-0.071	0.066	0.024	0.042	1.000	-0.096	0.143
Address Change	Pivoted	-0.015	0.028	1.000	-0.093	0.063	-0.003	0.004	1.000	-0.014	0.008	-0.003	0.003	1.000	-0.011	0.005	-0.006	0.007	1.000	-0.026	0.015
	No Transformation	-0.023	0.026	1.000	-0.096	0.050	-0.005	0.004	1.000	-0.015	0.005	-0.005	0.003	0.947	-0.012	0.003	-0.009	0.007	1.000	-0.028	0.010
	Dissolved	-0.024	0.026	1.000	-0.096	0.048	-0.005	0.004	1.000	-0.015	0.005	-0.004	0.003	1.000	-0.012	0.003	-0.009	0.007	1.000	-0.028	0.010
Article Amendment	Pivoted	0.000	0.048	1.000	-0.135	0.135	0.041*	0.014	0.038	0.001	0.082	0.039*	0.011	0.003	0.008	0.069	0.014	0.021	1.000	-0.046	0.074
	No Transformation	0.011	0.045	1.000	-0.115	0.138	0.064*	0.013	0.000	0.027	0.102	0.059*	0.010	0.000	0.030	0.088	0.044	0.020	0.298	-0.013	0.100
	Dissolved	0.052	0.045	1.000	-0.073	0.178	0.074*	0.013	0.000	0.037	0.112	0.056*	0.010	0.000	0.027	0.085	0.058*	0.020	0.036	0.002	0.114
Number of Directors	Pivoted	0.775	0.632	1.000	-1.001	2.552	.631*	0.157	0.001	0.189	1.072	.791*	0.130	0.000	0.427	1.156	0.629	0.233	0.069	-0.024	1.282
	No Transformation	1.157	0.591	0.504	-0.504	2.818	.809*	0.148	0.000	0.394	1.225	1.042*	0.124	0.000	0.695	1.389	.857*	0.219	0.001	0.243	1.472
	Dissolved	1.814*	0.585	0.020	0.171	3.458	.940*	0.147	0.000	0.527	1.354	.932*	0.123	0.000	0.585	1.278	1.091*	0.217	0.000	0.481	1.701
Number of Employees	Pivoted	-85.828	152.527	1.000	-534.657	363.002	-67.676	71.030	1.000	-267.871	132.519	-15.136	14.769	1.000	-56.616	26.344	-250.865	108.398	0.222	-560.341	58.611
	No Transformation	-39.552	124.904	1.000	-407.095	327.992	85.702	64.399	1.000	-95.805	267.208	23.251	13.339	0.814	-14.212	60.714	-35.078	89.355	1.000	-290.186	220.030
	Dissolved	-51.666	126.910	1.000	-425.114	321.783	100.083	64.399	1.000	-81.424	281.590	27.818	13.279	0.362	-9.477	65.112	-8.595	90.405	1.000	-266.699	249.509
Turnover	Pivoted	-379187.877	1556866.191	1.000	-4789132.259	4030756.505	-890439.690	871594.344	1.000	-3338774.657	1557895.277	-611104.454	736088.097	1.000	-2678433.585	1456224.676	-887910.099	660662.639	1.000	-2745638.873	969818.675
	No Transformation	589273.815	1264094.107	1.000	-2991370.904	4169918.533	1125846.460	783133.714	1.000	-1073999.912	3325692.832	897818.970	661291.299	1.000	-959440.741	2755078.681	240690.643	590610.186	1.000	-1420056.418	1901437.705
	Dissolved	801985.528	1257835.402	1.000	-2760930.924	4364901.980	1291527.323	784530.804	0.998	-912243.519	3495298.165	1072186.486	670853.120	1.000	-811927.933	2956300.904	414758.680	590610.186	1.000	-1245988.382	2075505.742
Profit (Loss)	Pivoted	-22486.719	21402.855	1.000	-82963.432	37989.995	-4275.473	39842.220	1.000	-116193.453	107642.507	65909.526	95233.491	1.000	-201551.087	333370.139	-19123.400	21171.491	1.000	-78654.445	40407.644
	No Transformation	3012.346	18245.563	1.000	-48543.005	54567.697	30855.669	36052.694	1.000	-70417.419	132128.757	89877.277	85315.283	1.000	-149728.323	329482.877	139.666	18898.989	1.000	-53001.446	53280.778
	Dissolved	3290.878	18135.036	1.000	-47952.163	54533.919	38219.389	36058.675	1.000	-63070.502	139509.280	98173.928	86161.090	1.000	-143807.099	340154.955	5221.924	18874.733	1.000	-47850.983	58294.832
Net Tangible Assets (Liab.)	Pivoted	35718.844	205665.307	1.000	-543204.780	614642.468	10575.436	83707.195	1.000	-224469.567	245620.438	171128.581	76375.236	0.251	-43307.001	385564.163	46097.503	98093.564	1.000	-229455.250	321650.256
	No Transformation	14606.037	191460.209	1.000	-524331.906	553543.981	77445.749	77046.043	1.000	-138895.121	293786.619	226890.059*	70442.962	0.013	29110.275	424669.842	88995.980	91351.703	1.000	-167618.339	345610.299
	Dissolved	69791.723	188933.531	1.000	-462033.920	601617.365	121133.733	76624.100	1.000	-94022.346	336289.812	267438.110*	70316.920	0.001	70012.212	464864.008	123837.381	90773.431	1.000	-131152.527	378827.290

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. A adjustment for multiple comparisons: Bonferroni.

Pairwise Comparisons - Pivoted																							
Financial Crisis					Brexit Vote					Covid-19 Lockdown					Control Event								
Pivoted (I)	(J)	Mean		95% Confidence Interval for Difference <sup>a</sup>			Mean Difference (I-J)	Std. Error		95% Confidence Interval for Difference <sup>a</sup>			Mean Difference (I-J)	Std. Error		95% Confidence Interval for Difference <sup>a</sup>			Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>			
		Difference (I-J)	Std. Error	Sig. <sup>b</sup>	Lower Bound	Upper Bound		Sig. <sup>b</sup>	Lower Bound	Upper Bound	Sig. <sup>b</sup>	Lower Bound		Upper Bound	Sig. <sup>b</sup>	Lower Bound	Upper Bound	Sig. <sup>b</sup>		Lower Bound	Upper Bound		
Days Active	Dehybridized	77.18	473.370	1.000	-1253.380	1407.746	-147.506	94.626	1.000	-413.170	118.158	-443.897*	81.059	0.000	-671.457	-216.338	-249.706	143.671	0.822	-653.091	153.680		
	No Transformation	482.44	206.094	0.194	-96.857	1061.735	193.984*	38.810	0.000	85.025	302.943	257.389*	28.560	0.000	177.212	337.566	140.442	56.829	0.135	-19.117	300.001		
	Dissolved	1085.867*	196.192	0.000	534.404	1637.330	216.602*	37.994	0.000	109.933	323.271	-16.776	28.684	1.000	-97.302	63.751	405.476*	54.681	0.000	251.949	559.004		
Name Changes	Dehybridized	-0.050	0.080	1.000	-0.276	0.175	-0.003	0.032	1.000	-0.093	0.086	0.003	0.026	1.000	-0.070	0.076	-0.032	0.047	1.000	-0.163	0.099		
	No Transformation	0.032	0.039	1.000	-0.078	0.141	-0.017	0.013	1.000	-0.054	0.020	-0.019	0.010	0.510	-0.047	0.008	-0.022	0.022	1.000	-0.083	0.040		
	Dissolved	0.047	0.037	1.000	-0.056	0.151	-0.003	0.013	1.000	-0.039	0.033	0.000	0.010	1.000	-0.027	0.027	-0.009	0.021	1.000	-0.068	0.050		
Address Change	Dehybridized	0.015	0.028	1.000	-0.063	0.093	0.003	0.004	1.000	-0.008	0.014	0.003	0.003	1.000	-0.005	0.011	0.006	0.007	1.000	-0.015	0.026		
	No Transformation	-0.008	0.013	1.000	-0.043	0.028	-0.002	0.002	1.000	-0.007	0.002	-0.002	0.001	1.000	-0.005	0.001	-0.003	0.003	1.000	-0.012	0.005		
	Dissolved	-0.008	0.012	1.000	-0.042	0.025	-0.002	0.002	1.000	-0.006	0.002	-0.001	0.001	1.000	-0.004	0.002	-0.004	0.003	1.000	-0.012	0.005		
Article Amendment	Dehybridized	0.000	0.048	1.000	-0.135	0.135	-0.041*	0.014	0.038	-0.082	-0.001	-0.039*	0.011	0.003	-0.069	-0.008	-0.014	0.021	1.000	-0.074	0.046		
	No Transformation	0.011	0.021	1.000	-0.048	0.07	0.023*	0.006	0.000	0.007	0.038	0.020*	0.004	0.000	0.010	0.030	0.030*	0.008	0.004	0.006	0.054		
	Dissolved	0.052	0.020	0.086	-0.004	0.109	0.033*	0.005	0.000	0.018	0.048	0.017*	0.004	0.000	0.007	0.028	0.045*	0.008	0.000	0.022	0.067		
Number of Directors	Dehybridized	-0.775	0.632	1.000	-2.552	1.001	-631*	0.157	0.001	-1.072	-0.189	-791*	0.130	0.000	-1.156	-0.427	-0.629	0.233	0.069	-1.282	0.024		
	No Transformation	0.381	0.275	1.000	-0.392	1.155	.178*	0.060	0.032	0.009	0.348	.251*	0.044	0.000	0.128	0.374	0.228	0.092	0.131	-0.030	0.487		
	Dissolved	1.039*	0.262	0.001	0.303	1.775	.310*	0.059	0.000	0.144	0.475	.141*	0.043	0.012	0.019	0.262	.462*	0.089	0.000	0.214	0.711		
Number of Employees	Dehybridized	85.828	152.527	1.000	-363.002	534.657	67.676	71.030	1.000	-132.519	267.871	15.136	14.769	1.000	-26.344	56.616	250.865	108.398	0.222	-58.611	560.341		
	No Transformation	46.276	104.633	1.000	-261.618	354.170	153.378*	36.665	0.000	50.038	256.717	38.387*	7.238	0.000	18.058	58.716	215.787*	69.136	0.022	18.406	413.169		
	Dissolved	34.162	107.020	1.000	-280.758	349.081	167.759*	36.665	0.000	64.420	271.099	42.954*	7.127	0.000	22.938	62.970	242.270*	70.487	0.008	41.031	443.509		
Turnover	Dehybridized	379187.877	1556866.191	1.000	-4030756.505	4789132.259	890439.690	871594.344	1.000	-1557895.277	3338774.657	611104.454	736088.097	1.000	-1456224.676	2678433.585	887910.099	660662.639	1.000	-969818.675	2745638.873		
	No Transformation	968461.691	1055067.507	1.000	-2020098.951	3957022.334	2016286.150*	434711.963	0.000	795167.051	3237405.250	1508923.424*	365387.418	0.000	482720.100	2555126.748	1128600.742*	336189.659	0.008	183263.190	2073938.295		
	Dissolved	1181173.405	1047560.705	1.000	-1786123.640	4148470.450	2181967.013*	437223.810	0.000	953792.059	3410141.967	1683290.940*	382420.830	0.000	609248.683	2757333.197	1302668.779*	336189.659	0.001	357331.227	2248006.332		
Profit (Loss)	Dehybridized	22486.719	21402.855	1.000	-37989.995	82963.432	4275.473	39842.220	1.000	-107642.507	116193.453	-65909.526	95233.491	1.000	-333370.139	201551.087	19123.400	21171.491	1.000	-40407.644	78654.445		
	No Transformation	25499.065	13424.102	0.584	-12432.584	63430.713	35131.142	19334.216	0.693	-19179.246	89441.530	23967.751	47646.752	1.000	-109846.828	157782.329	19263.066	10836.041	0.757	-11206.248	49732.381		
	Dissolved	25777.596	13273.487	0.530	-11728.469	63283.662	42494.862	19345.368	0.281	-11846.852	96836.577	32264.402	49145.183	1.000	-105758.478	170287.282	24345.324	10793.680	0.243	-6004.880	54695.529		
Net Tangible Assets (Liab.)	Dehybridized	-35718.844	205665.307	1.000	-614642.468	543204.780	-10575.436	83707.195	1.000	-245620.438	224469.567	-171128.581	76375.236	0.251	-385564.163	43307.001	-46097.503	98093.564	1.000	-321650.256	229455.250		
	No Transformation	-21112.807	98050.437	1.000	-297113.241	254887.628	66870.314	37646.861	0.757	-38839.912	172580.539	55761.478	33191.995	0.930	-37430.311	148953.266	42898.477	41590.501	1.000	-73932.604	159729.558		
	Dissolved	34072.879	93020.189	1.000	-227768.002	295913.759	110558.297*	36775.618	0.027	7294.470	213822.124	96309.529*	32923.651	0.034	3871.160	188747.898	77739.879	40304.492	0.538	-35478.698	190958.455		

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.

Pairwise Comparisons – No Transformation

		Financial Crisis						Brexit Vote						Covid-19 Lockdown						Control Event					
No Transformation (I)	Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>				Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>				Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>				Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>								
		Std. Error	Sig. <sup>b</sup>	Lower Bound	Upper Bound		Std. Error	Sig. <sup>b</sup>	Lower Bound	Upper Bound		Std. Error	Sig. <sup>b</sup>	Lower Bound	Upper Bound		Std. Error	Sig. <sup>b</sup>	Lower Bound	Upper Bound					
Days Active	Dehybridized	-405.26	442.48	1.00	-1649.00	838.49	-341.490*	88.19	0.00	-589.08	-93.90	-701.287*	76.75	0.00	-916.75	-485.83	-390.147*	135.13	0.04	-769.54	-10.76				
	Pivoted	-482.44	206.09	0.19	-1061.74	96.86	-193.984*	38.81	0.00	-302.94	-85.02	-257.389*	28.56	0.00	-337.57	-177.21	-140.44	56.83	0.13	-300.00	19.12				
	Dissolved	603.428*	101.02	0.00	319.49	887.37	22.62	16.32	1.00	-23.20	68.44	-274.165*	11.94	0.00	-307.69	-240.64	265.035*	24.64	0.00	195.84	334.23				
Name Changes	Dehybridized	-0.08	0.07	1.00	-0.29	0.13	0.01	0.03	1.00	-0.07	0.10	0.02	0.02	1.00	-0.05	0.09	-0.01	0.04	1.00	-0.13	0.11				
	Pivoted	-0.03	0.04	1.00	-0.14	0.08	0.02	0.01	1.00	-0.02	0.05	0.02	0.01	0.51	-0.01	0.05	0.02	0.02	1.00	-0.04	0.08				
	Dissolved	0.02	0.02	1.00	-0.05	0.08	0.01	0.01	0.19	0.00	0.03	.019*	0.00	0.00	0.01	0.03	0.01	0.01	1.00	-0.02	0.04				
Address Change	Dehybridized	0.02	0.03	1.00	-0.05	0.10	0.01	0.00	1.00	-0.01	0.02	0.00	0.00	0.95	0.00	0.01	0.01	0.01	1.00	-0.01	0.03				
	Pivoted	0.01	0.01	1.00	-0.03	0.04	0.00	0.00	1.00	0.00	0.01	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00	-0.01	0.01				
	Dissolved	0.00	0.01	1.00	-0.02	0.02	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00				
Article Amendment	Dehybridized	-0.01	0.05	1.00	-0.14	0.12	-0.064*	0.01	0.00	-0.10	-0.03	-0.059*	0.01	0.00	-0.09	-0.03	-0.044	0.02	0.30	-0.10	0.01				
	Pivoted	-0.01	0.02	1.00	-0.07	0.05	-0.023*	0.01	0.00	-0.04	-0.01	-0.020*	0.00	0.00	-0.03	-0.01	-0.030*	0.01	0.00	-0.05	-0.01				
	Dissolved	0.041*	0.01	0.00	0.01	0.07	0.010*	0.00	0.00	0.00	0.02	-0.002	0.00	1.00	-0.01	0.00	0.015*	0.00	0.00	0.00	0.03				
Number of Directors	Dehybridized	-1.16	0.59	0.50	-2.82	0.50	-.809*	0.15	0.00	-1.22	-0.39	-1.042*	0.12	0.00	-1.39	-0.70	-.857	0.22	0.00	-1.47	-0.24				
	Pivoted	-0.38	0.28	1.00	-1.15	0.39	-.178*	0.06	0.03	-0.35	-0.01	-.251*	0.04	0.00	-0.37	-0.13	-0.23	0.09	0.13	-0.49	0.03				
	Dissolved	.657*	0.13	0.00	0.28	1.04	.131*	0.02	0.00	0.06	0.20	-.111*	0.02	0.00	-0.16	-0.06	.234	0.04	0.00	0.12	0.35				
Number of Employees	Dehybridized	39.55	124.90	1.00	-327.99	407.10	-.85.70	64.40	1.00	-267.21	95.81	-23.25	13.34	0.81	-60.71	14.21	35.08	89.36	1.00	-220.03	290.19				
	Pivoted	-46.28	104.63	1.00	-354.17	261.62	-153.378*	36.67	0.00	-256.72	-50.04	-38.387*	7.24	0.00	-58.72	-18.06	-215.787*	69.14	0.02	-413.17	-18.41				
	Dissolved	-12.11	61.56	1.00	-193.26	169.03	14.38	21.13	1.00	-45.16	73.93	4.57	3.25	1.00	-4.57	13.71	26.48	34.68	1.00	-72.52	125.49				
Turnover	Dehybridized	-589273.81	1264094.11	1.00	-4169918.53	2991370.90	-1125846.46	783133.71	1.00	-3325692.83	1073999.91	-897818.97	661291.30	1.00	-2755078.68	959440.74	-240690.64	590610.19	1.00	-1901437.71	1420056.42				
	Pivoted	-968461.69	1055067.51	1.00	-3957022.33	2020098.95	-2016286.150*	434711.96	0.00	-3237405.25	-795167.05	-1508923.424*	365387.42	0.00	-2535126.75	-482720.10	-1128600.742*	336189.66	0.01	-2073938.29	-183263.19				
	Dissolved	212711.71	521042.23	1.00	-1263180.86	1688604.29	165680.86	211627.91	1.00	-428788.37	760150.10	174367.52	204269.89	1.00	-399331.59	748066.63	174068.04	159275.72	1.00	-273802.14	621938.21				
Profit (Loss)	Dehybridized	-3012.35	18245.56	1.00	-54567.70	48543.01	-30855.67	36052.69	1.00	-132128.76	70417.42	-89877.28	85315.28	1.00	-329482.88	149728.32	-139.67	18898.99	1.00	-53280.78	53001.45				
	Pivoted	-25499.06	13424.10	0.58	-63430.71	12432.58	-35131.14	19334.22	0.69	-89441.53	19179.25	-23967.75	47646.75	1.00	-157782.33	109846.83	-19263.07	10836.04	0.76	-49732.38	11206.25				
	Dissolved	278.53	7141.70	1.00	-19901.52	20458.38	7363.72	9307.93	1.00	-18782.52	33509.96	8296.65	24990.57	1.00	-61888.67	78481.97	5082.26	5044.14	1.00	-9101.09	19265.61				
Net Tangible Assets (Liab.)	Dehybridized	-14606.04	191460.21	1.00	-535343.98	524331.91	-77445.75	77046.04	1.00	-293786.62	138895.12	-226890.059*	70442.96	0.01	-424669.84	-29110.28	-88995.98	91351.70	1.00	-345610.30	167618.34				
	Pivoted	21112.81	98050.44	1.00	-254887.63	297113.24	-66870.31	37646.86	0.76	-172580.54	38839.91	-55761.48	33192.00	0.93	-148953.27	37430.31	-42898.48	41590.50	1.00	-159729.56	73932.60				
	Dissolved	55185.69	54877.58	1.00	-99288.23	209659.60	43687.98	16782.26	0.09	-3435.65	90811.62	40548.05	14594.56	0.05	-428.48	81524.58	34841.40	18634.33	0.62	-17503.94	87186.75				

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.

**Pairwise Comparisons - Dissolved**

		Financial Crisis				Brexit Vote				Covid-19 Lockdown				Control Event							
Dissolved(I)	(J)	Mean Difference (I-J)		95% Confidence Interval for Difference <sup>a</sup>		Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>		Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>		Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>		Mean Difference (I-J)	95% Confidence Interval for Difference <sup>a</sup>					
		Std. Error	Sig. <sup>b</sup>	Lower Bound	Upper Bound		Std. Error	Sig. <sup>b</sup>		Lower Bound	Upper Bound		Std. Error	Sig. <sup>b</sup>		Lower Bound	Upper Bound	Std. Error	Sig. <sup>b</sup>	Lower Bound	Upper Bound
Days Active	Dehybridized	-1008.684	437.960	0.214	-2239.714	222.347	-364.108*	87.831	0.000	-610.694	-117.522	-427.122*	76.795	0.000	-642.712	-211.532	-655.182*	134.236	0.000	-1032.076	-278.288
	Pivoted	-1085.867*	196.192	0.000	-1637.330	-534.404	-216.602*	37.994	0.000	-323.271	-109.933	16.776	28.684	1.000	-63.751	97.302	-405.476*	54.681	0.000	-559.004	-251.949
	No Transformation	-603.428*	101.017	0.000	-887.368	-319.488	-22.618	16.320	1.000	-68.437	23.201	274.1655*	11.942	0.000	240.639	307.690	-265.035*	24.645	0.000	-334.229	-195.840
Name Changes	Dehybridized	-0.098	0.073	1.000	-0.304	0.109	-0.000	0.030	1.000	-0.083	0.083	0.003	0.024	1.000	-0.066	0.071	-0.024	0.042	1.000	-0.143	0.096
	Pivoted	-0.047	0.037	1.000	-0.151	0.056	0.003	0.013	1.000	-0.033	0.039	0.000	0.010	1.000	-0.027	0.027	0.009	0.021	1.000	-0.050	0.068
	No Transformation	-0.016	0.022	1.000	-0.078	0.047	-0.014	0.006	0.190	-0.031	0.003	-.019*	0.004	0.000	-0.032	-0.007	-0.013	0.010	1.000	-0.042	0.015
Address Change	Dehybridized	0.024	0.026	1.000	-0.048	0.096	0.005	0.004	1.000	-0.005	0.015	0.004	0.003	1.000	-0.003	0.012	0.009	0.007	1.000	-0.010	0.028
	Pivoted	0.008	0.012	1.000	-0.025	0.042	0.002	0.002	1.000	-0.002	0.006	0.001	0.001	1.000	-0.002	0.004	0.004	0.003	1.000	-0.005	0.012
	No Transformation	0.001	0.007	1.000	-0.018	0.019	-0.000	0.001	1.000	-0.002	0.002	0.000	0.000	1.000	-0.002	0.001	0.000	0.001	1.000	-0.004	0.004
Article Amendment	Dehybridized	-0.052	0.045	1.000	-0.178	0.073	-0.074*	0.013	0.000	-0.112	-0.037	-0.056*	0.010	0.000	-0.085	-0.027	-0.058*	0.020	0.036	-0.114	-0.002
	Pivoted	-0.052	0.02	0.086	-0.109	0.004	-0.033*	0.005	0.000	-0.048	-0.018	-0.017*	0.004	0.000	-0.028	-0.007	-0.045*	0.008	0.000	-0.067	-0.022
	No Transformation	-0.041*	0.01	0.001	-0.07	-0.012	-0.010*	0.002	0.000	-0.016	-0.003	0.002	0.001	1.000	-0.002	0.006	-0.015*	0.004	0.001	-0.025	-0.004
Number of Directors	Dehybridized	-1.814*	0.585	0.020	-3.458	-0.171	-.940*	0.147	0.000	-1.354	-0.527	-.932*	0.123	0.000	-1.278	-0.585	-1.091*	0.217	0.000	-1.701	-0.481
	Pivoted	-1.039*	0.262	0.001	-1.775	-0.303	-.310*	0.059	0.000	-0.475	-0.144	-.141*	0.043	0.012	-0.262	-0.019	-.462*	0.089	0.000	-0.711	-0.214
	No Transformation	-.657*	0.135	0.000	-1.036	-0.279	-.131*	0.025	0.000	-0.201	-0.061	.111*	0.017	0.000	0.062	0.159	-.234*	0.040	0.000	-0.346	-0.122
Number of Employees	Dehybridized	51.666	126.910	1.000	-321.783	425.114	-100.083	64.399	1.000	-281.590	81.424	-27.818	13.279	0.362	-65.112	9.477	8.595	90.405	1.000	-249.509	266.699
	Pivoted	-34.162	107.020	1.000	-349.081	280.758	-167.759*	36.665	0.000	-271.099	-64.420	-42.954*	7.127	0.000	-62.970	-22.938	-242.270*	70.487	0.008	-443.509	-41.031
	No Transformation	12.114	61.561	1.000	-169.035	193.263	-14.381	21.127	1.000	-73.927	45.164	-4.567	3.254	1.000	-13.706	4.573	-26.483	34.677	1.000	-125.486	72.521
Turnover	Dehybridized	-801985.528	1257835.402	1.000	-4364901.980	2760930.924	-1291527.323	784530.804	0.998	-3495298.165	912243.519	-1072186.486	670853.120	1.000	-2956300.904	811927.933	-414758.680	590610.186	1.000	-2075505.742	1245988.382
	Pivoted	-1181173.405	1047560.705	1.000	-4148470.450	1786123.640	-2181967.013*	437223.810	0.000	-3410141.967	-953792.059	-1683290.940*	382420.830	0.000	-2757333.197	-609248.683	-1302668.779*	336189.659	0.001	-2248006.332	-357331.227
	No Transformation	-212711.713	521042.230	1.000	-1688604.291	1263180.865	-165680.863	211627.913	1.000	-760150.095	428788.369	-174367.516	204269.886	1.000	-748066.626	399331.594	-174068.037	159275.723	1.000	-621938.213	273802.139
Profit (Loss)	Dehybridized	-3290.878	18135.036	1.000	-54533.919	47952.163	-38219.389	36058.675	1.000	-139509.280	63070.502	-98173.928	86161.090	1.000	-340154.955	143807.099	-5221.924	18874.733	1.000	-58294.832	47850.983
	Pivoted	-25777.596	13273.487	0.530	-63283.662	11728.469	-42494.862	19345.368	0.281	-96836.577	11846.852	-32264.402	49145.183	1.000	-170287.282	105758.478	-24345.324	10793.680	0.243	-54695.529	6004.880
	No Transformation	-278.532	7141.697	1.000	-20458.380	19901.317	-7363.720	9307.926	1.000	-33509.960	18782.520	-8296.651	24990.570	1.000	-78481.973	61888.671	-5082.258	5044.135	1.000	-19265.607	9101.091
Net Tangible Assets (Liab.)	Dehybridized	-69791.723	188933.531	1.000	-601617.365	462033.920	-121133.733	76624.100	1.000	-336289.812	94022.346	-267438.110*	70316.920	0.001	-464864.008	-70012.212	-123837.381	90773.431	1.000	-378827.290	131152.527
	Pivoted	-34072.879	93020.189	1.000	-295913.759	227768.002	-110558.297*	36775.618	0.027	-213822.124	-7294.470	-96309.529*	32923.651	0.034	-188747.898	-3871.160	-77739.879	40304.492	0.538	-190958.455	35478.698
	No Transformation	-55185.685	54877.578	1.000	-209659.605	99288.235	-43687.984	16782.263	0.093	-90811.616	3435.649	-40548.051	14594.556	0.055	-81524.579	428.477	-34841.402	18634.332	0.616	-87186.747	17503.944

Based on estimated marginal means

\*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.