For Their Own Good and For the Good of Others: *Identity Duality in New Venture Evaluation and Investor Decision-Making*

THÈSE N^{O} 8820 (2018)

PRÉSENTÉE LE 24 OCTOBRE 2018

AU COLLÈGE DU MANAGEMENT DE LA TECHNOLOGIE
CHAIRE ENTREPRENEURIAT ET COMMERCIALISATION DE TECHNOLOGIES
PROGRAMME DOCTORAL EN MANAGEMENT DE LA TECHNOLOGIE

ÉCOLE POLYTECHNIQUE FÉDÉRALE DE LAUSANNE

POUR L'OBTENTION DU GRADE DE DOCTEUR ÈS SCIENCES

PAR

Nettra Danette PAN

acceptée sur proposition du jury:

Prof. C. TUCCI, président du jury
Prof. M. GRUBER, directeur de thèse
Prof. D. SHEPHERD, rapporteur
Prof. A. WADHWA, rapporteuse
Prof. S. BRUSONI, rapporteur

ÉCOLE POLYTECHNIQUE
FÉDÉRALE DE LAUSANNE

Suisse
2018

Thesis committee:

Prof. Marc B. Gruber (thesis director)
École Polytechnique Fédérale de Lausanne

Prof. Stefano Brusoni
ETH Zurich

Prof. Dean A. Shepherd
Notre Dame University

Prof. Anu Wadhwa
Imperial College London

President of the jury:
Prof. Christopher L. Tucci
École Polytechnique Fédérale de Lausanne

Chair of Entrepreneurship and Technology Commercialization (ENTC)
Management of Technology and Entrepreneurship Institute (MTEI)
College of Management of Technology (CDM)
École Polytechnique Fédérale de Lausanne (EPFL)
http://www.epfl.ch
Doctoral Program in Management of Technology

Lausanne: École Polytechnique Fédérale de Lausanne

Résumé

L’organisation est un processus managérial qui exige un but. L’organisme qui se comprend — peut mieux planifier, expliquer et justifier l’action collective (Whetten & Mackey, 2002). Ainsi, un corps de recherche lie la dualité dans l’organisation — quand une organisation se considère simultanément comme deux différents types d’organisation (Albert & Whetten, 1985) — à l’effondrement de la dualité ou à des défaillances organisationnelles. Cependant, d’autres études suggèrent que la dualité organisationnelle peut être durable ou apporter une synergie.

Cette thèse étudie la dualité organisationnelle à identité sociale et commerciale lors de l’évaluation d’une nouvelle entreprise et la prise de décision des investisseurs. La première étude examine comment la dualité organisationnelle se reflète dans les critères de sélection et d’évaluation d’un investissement par un fonds de capital-risque social (CRS), un acteur hybride socio-commercial investissant dans des organisations hybrides social-commerciales. Utilisant des méthodes inductives pour analyser des données détaillant 1 614 décisions d’un CRS en cinq ans, cette étude établit la première taxonomie des critères de CRS en partant des décisions effectives d’investissements (19 acceptées, 1 574 échoué, 40 à l’étude). De plus, cette étude montre que le processus d’évaluation du CRS est itératif et n’est pas exclusivement fixé sur l’identification d’une cible d’investissement.

La deuxième étude se focalise sur les interactions entreprise-CRS entre l’évaluation initiale et la décision finale d’investissement. Partant d’une étude ethnographique de 25 mois (dont sept mois consécutifs in situ), cette recherche révèle cinq stratégies utilisées par le CRS pour comprendre et façonner l’identité des nouvelles entreprises : *poursuite prudente, ajustement, rapprochement, assistance* et *filtrage éliminatoire*. Ces stratégies coûteuses permettent au CRS d’accroître la plausibilité de l'identité émergente afin d’aboutir à des opportunités d’investissement donnant de bonnes performances sociales et commerciales. Inversement, ces mêmes stratégies aident le CRS à éviter d’investir dans des entreprises avec une dualité à haut risque d’effondrement (à aléa de compromis).

Enfin, la troisième étude examine comment les caractéristiques des individus influencent l’attractivité d’un investissement hybride. 154

investisseurs au sein d'organisations hybrides et non-hybrides et à l'état d'esprit varié ont évalué des décisions d'investissement dans le cadre d'une expérience conjointe, résultant en une base de 3 388 évaluations d'investissement. Les résultats statistiques confirment les connaissances concernant les états d'esprit sociaux et commerciaux ainsi que leurs préférences. Cependant, les résultats défient nos préconceptions au sujet de l'hybridité individuelle.

Prenant le point de vue d'un investisseur, cette thèse fait avancer la recherche sur le rôle du processus organisationnel dans la génération, la perpétuation et la résolution de conflits liée à la combinaison de deux identités. Cette étude vise à aller au-delà des analyses conceptuelles ou réalisées sur un échantillon limité et elle considère des processus duaux au-delà des processus internes des entreprises hybrides établies.

Le choix du point de vue de l'investisseur facilite cette démarche, permet l'analyse de plusieurs types d'organisations hybrides, et il nous éclaire sur les processus organisationnels dans le cadre de la dualité identitaire.[1]

Mots-clés : *étude de cas, analyse conjointe, entrepreneuriat, capital de risque, prise de décision, stratégie, entrepreneuriat social, identité organisationnelle, hybridité organisationnelle, identité sociale*

[1] Un résumé étendu en français est disponible sur la page 344.

Abstract

Organizing is a managerial process which demands a sense of purpose. When stories about “who we are” and “what we do” are salient and coherent (Voss, Cable & Voss, 2006), organizations can better plan, explain and justify collective action (Whetten & Mackey, 2002). This explains why research links identity duality—when firms consider themselves to be two types of organizations (Albert & Whetten, 1985)—to organizational conflict, loss of duality or firm failure. Yet studies also suggest that dual identities can be sustainable, complementary and synergistic. Intrigued by this divide, this thesis investigates duality in the context of new venture evaluation and investor decision-making. It focuses on a type of duality found in *social-commercial* hybrids: organizations that combine a social welfare identity and a commercial profit identity.

Study One examines how identity duality translates into the investment selection criteria of a social venture capital firm (*SVC*), a social-commercial hybrid that makes equity investments into early-stage social-commercial hybrids (*social ventures*). The study applies inductive analysis to five years of archival data on investment decisions made by the SVC, producing the first taxonomy of SVC criteria drawn from a large, varied sample of actual investment outcomes: *accepted* (19 cases), *failed* (1,574) and *still under review* (40). Results reveal a set of social-mission-related venture attributes and a set of commercial venture attributes used by the SVC to decide a ventures’ social and commercial potential—and show that the two attribute sets, at times, overlap. Moreover, variance in the length of the evaluation periods suggest the SVC’s differentiated approach extends beyond its criteria, into its evaluation process.

Study Two builds on a 25-month in-depth case study at the same SVC to understand its venture engagement activities over the evaluation process. Interviews and non-participant observation (including seven consecutive months onsite) reveal five emergent strategies used by the SVC to understand and shape the plausibility of social-commercial duality in new ventures (*Cautious Pursuit, Tinkering, Rapprochement, Helping,* and *Filtering Out*). Though these strategies are costly and resource-dependent, they help the SVC to evaluate ventures’ emerging duality and to avoid investing in those with a high risk of trading-off commercial

outcomes at the cost of social outcomes or vice versa (*Trade-off Hazard*). Moreover, when successful, these strategies can increase the plausibility of evaluated ventures' identity claims and co-create access to attractive investment opportunities previously unavailable to the SVC.

Study Three uses an experimental method called conjoint analysis to test and quantify the effect of individual funder mindsets on the relationship between investment proposal duality and its perceived attractiveness. 154 individual funders with different social and commercial orientations were asked to assess the same set of 22 different venture proposals, producing 3,388 investment evaluations. Statistical analyses of these nested data partially confirm past research on social and commercial dominance in mindsets, implying that evaluations of duality in investment proposals depend on venture-fund fit as determined, in part, by individuals.

In sum, these studies shed light on how firms and individuals relate to duality, revealing the complexities and benefits of tackling social issues through business.

Keywords: *case study, conjoint analysis, entrepreneurship, venture capital, decision-making, strategy, social entrepreneurship, organizational identity, hybrid identity, social identity*

Acknowledgements

Soyons reconnaissants aux personnes qui nous donnent du bonheur ; elles sont les charmants jardiniers par qui nos âmes sont fleuries.

— Marcel Proust

I get by with a little help from my friends.

— The Beatles

Marc Gruber, you seek and surround yourself with special people. How else would a Cambodian student like me arrive on the shores of Lac Léman to attend the PhD defense of a person who she had never met before? And in so doing, she would discover the body of research that you and your colleagues have been working on so diligently? And manage to convince you and your team to take a chance on her, despite her unconventional research background?

This thesis has provided me with nearly five years to think about the tremendous serendipity and fortune that has led me to this moment in time.

I must thank *Fabian Pfortmüller*, the crazy and lovely Swiss person through whom I learned about social entrepreneurship and startups nearly 10 years ago in New York City while I was an undergraduate student at Columbia University. I cannot thank you enough for starting a conversation with me—who was then just another face in Lerner Hall—and inviting me to countless breakfasts and dinners where I could meet other people my age who were grappling with the same questions I was also asking myself. Namely, how to make difference in this world? In which way am I best suited to make an impact in this world? And how to overcome the challenges I am facing?

With help from you and *Niamh Hughes*, I was accepted into a community of people who took the time to openly share their learnings and doubts with others, despite having already pursued and succeeded in a wide range of incredible projects. I deeply appreciate what you, *Nico*

Lüschinger, Christian Busch, Antoine Verdon, Sandbox Ambassadors, and so many other Sandboxers have built together. To me, this community has been a rocket ship. I had a second home no matter where in the world I happened to be passing through, which gave me an exclusive vantage point. On good days, I see our planet as it really is: with all of its options open to me and not just the ones we are taught to believe are prestigious.

It was through the individuals in Sandbox Network that I was able to deepen my knowledge of the startup ecosystem in the US and Europe, and eventually heard of *Peter Vogel's* work on entrepreneurship as a solution to unemployment. *Peter*, I am eternally grateful for you welcoming me to your defense, putting me in touch with Marc, and for the many other opportunities you gave me. You are one of the most impressive entrepreneurs I know, and I strive to mirror your imagination and optimism.

Thank you to my committee members: *Anu Wadhwa, Christopher L. Tucci, Dean A. Shepherd*, and *Stefano Brusoni*.

Anu, please accept my deepest thanks for your support in my PhD journey from the start to the finish. I am inspired by your poise and your persistence. Your encouragement, your honest feedback, clear perspective and mere presence has pushed me to do better and go for what I want. Thank you.

Chris, thank you for being a remarkable person. In addition to your sharp mind, you have a special talent for empathy and making people feel comfortable. Your strength is in giving others the benefit of the doubt, which I learned from watching you cook in Nairobi, film in the MOOC studio, run around a DeLorean on the shores of *lac Léman*, and occasionally—of course—discuss research.

Dean, many heartfelt thanks for generously hosting me for six weeks at the University of Notre Dame in Indiana. Your mentorship helped me gain confidence in an important[2] experimental method, but it also extended beyond the technical realm. I saw firsthand why you have a brilliant reputation as a kind, fun and caring colleague, and it has really helped me to consider what kind of impact I want to have on others. Knowing you has made me a better person and a better researcher. I will especially try to remember your good-natured advice to "relax" and "have faith" in the process and in the people around me. I found new meaning in the words, "we have to start somewhere" and I am ever grateful for your support during my *beginning.*

Stefano, I admire your steadfast and extraordinary commitment to our research community. Although we have not had a chance to exchange much prior to this summer, your kind and sharp comments were extremely

[2] Our colleagues note that younger scholars are not well acquainted with conjoint analysis, despite the opportunities it offers (Dean, Shook, & Payne, 2007; Lohrke, Holloway, & Woolley, 2010).

helpful. Knowing there was a member like you in this research community was a comforting through during my PhD journey. I am grateful that our paths have crossed, and I look forward to our collaborations.

I would also like to thank other scholars who have offered me encouragement and support throughout this journey. *Sophie Bacq, Geoffrey Kistruck*, and *Trenton Williams*, your inspirational research, friendship and personality have been great motivators during this PhD process. *Xavier Castañer*, thank you for your effortless wit and charming candor, which make the relational history of our intellectual field all the more pleasant when experienced with you. *Guido Palazzo*, I have yet to meet a student who has taken your course and *not* been awed by your pragmatic, optimistic and cheerful approach to social science. Your influence has caused me more identity crises than I am proud to admit but I am grateful for every one. Thank you.

Thank you to our sister group at ETH: *Pius Baschera, Fredrik Hacklin, Ecaterina Puricel, Boris Battistini, Onur Saglam, Giacomo Cattaneou, Bart Clarysse, Anne Ter Waal, Mike Wright, Lien de Cuyper and Jana Thiel.* The enlightening and fraternal moments we spent together stand as highlights of my time in Switzerland.

Thank you also to *Alan Meyer, Carina Lomberg, Chuck Eesley, Dan Ariely, Deveraux "Dev" Jennings, Emily Block, Gerard "Gerry" George, Denis Grégoire, Hana Milanov, Jacqueline "Jax" Kirtley, Jeff McMullen, Jeffrey Petty, Jeffrey York, Jennifer Jennings, Joel Gehman, Johanna Mair, John Dencker, Madeleine Toubiana, Matthew Grimes, Matthew Lee, Nicola "Nicki" Breugst; Raphael "Raffi" Amit, Suresh Kotha, Tom Lumpkin, Philip Anderson,* and *Victor Martin-Sanchez*. Finally, thanks to the doctoral students at the 2017 Academy of Management Entrepreneurship Doctoral Consortium, the 2017 West Coast Research Symposium, and the 2018 Consortium on Competitiveness and Cooperation for your camaraderie.

To my *Doktorvater,* Marc: thanks for making this challenging experience truly enjoyable (and challenging). Thank you for always boosting the morale of the team and helping us find a way through every intellectual or practical problem. The combination of your intellectual strength and your ability to connect with others is inspiring. If it were not for you, I might have never returned to academic research. Thanks for not only permitting but also *encouraging* me to pursue—and embrace—nearly all of my interests and the facets of my identity in this program. You have nurtured my confidence (and naiveté) to continue this journey in my own way, daring me to bring an even more entrepreneurial approach to my work.[3] I look forward to seeing your influence over our immediate and adjacent community of scholars—disrupting established patterns of thought and helping to wean us off ideas that no longer serve us.

Our research team would not be what it is without *Emmanuelle Fauchart, Argyro "Iro" Nikiforou, Julia Binder, Sharon Tal, and Shirah Foy*. Ladies, your compassion, poise, and intelligence astound me. To my three "big sisters," *Iro,* you have been an inspiration to me. Kindness and intelligence are gracefully combined in you. I am grateful that our relationship has evolved throughout the years and I hope to see you in Copenhagen soon. *Shirah*, maybe you are more of my "twin" than a "big sister," in more ways than one! You have been nearly as indispensable to me as a twin. I would not be able to do what I do without your commitment to our students and our shared social and entrepreneurial interests. You told me once that I was one of the most compassionate people you knew (a goldfish was involved), but all our acquaintances know this title belongs to you. Your patience, courage and honesty have supported and inspired me throughout this journey. I am grateful to have gone through the seasons of Siri12. It has been a true joy to see you blossom and conquer your discomfort zones to become more and more *you*! *Julia*, it must have been a bit much to adopt two younger sisters at the same time. You are a truly special human being. The world is much richer with you in it, especially when you are doing what makes your heart sing. I cannot wait to see what the next chapters hold for you. *Ladies, thank you, most of all, for making my mistakes so fun to learn from.*

Marianne Badan, thank you for supporting me and the team over the last five years. You kept things going and helped me put things in perspective. And I truly enjoy seeing your great outfits and stunning smile around the office. To *Céline Cordey,* thank you, too, for your support from Day One.

Thank you also to our honorary team members: *Anneleen Van Boxstael, Beatrice Scarioni, Christina Hertel, Iselin Froeybu, Jakob Kretzinger* and *Sarah Boone*. We have had a number of brilliant research assistants over the years, but I want to especially highlight *Mike Kalomeni'*s contributions, which were invaluable for Study One in this thesis.

In addition, thank you to the College of Management community for being so warm and welcoming and for your support during my time here: *Albina Khairullina, Ali Mohammadi, Amin Dehdarian, Amin Kaboli, Andreas von Vangerow, Antoine Vernet, Cagil Kocyigit, Camille Aouinait, Charles Ayoubi, Corinne Dubois, Emilio Raiteri, Fabiana Visentin, Farnaz Eslamishoar, Florian Lücker, Giada Balderssarelli, Gianluigi "Gigi"*

[3] Because, as you say, good academics are like good entrepreneurs; they must also prove that there is demand for their ideas and worldview and potentially fruitful applications of their ideas.

Viscusi, Giovanni Liotta, Heidi Gautschi, Isik Bicer, Jeff Behrens, Joana Pereira, Kilian Schindler, Lorenzo Massa, Marta Baldi, Maxime Audouin, Mary Jean Bürer, Maryam Razeghian, Mervegul Kirci, Michele Pezzoni, Mohamad Razaghi, Monica Coffano, Olivier Waeber, Olov Isaksson, Orion Penner, Napat Rujeerapaiboon, Rachel Lacroix, Simone Voldrich, Stefano Baruffaldi, Markus Simeth, Philipp Moser, Raphael Klein, Reinier Verhoog, Richard Tee, Valeria Superti, Viet Nguyen, Vincent Nassar, Quentin Derian, and *Qinli Lu*. Thank you also to *Alexandra Von Schack, Amandine Weissbrodt, Beatriz Descloux-Martinez; Françoise Jeannotat, Illona Ball, Christine Wahl* and *Wendy Salinaro*.

This dissertation would not have been possible without the generous help of the many investors, entrepreneurs, and other informants from the (social) entrepreneurship and (impact) venture capital industry. A special acknowledgement belongs to the members of the investment firm featured in Studies One and Two. I am grateful for how you allowed me into your process, trusted me, and for your patience and generosity with my questions. The experience was above and beyond my expectations and I look forward to witnessing the fruits of our labor.

Thank you also to the named and unnamed investors who participated in my third study in Chapter 5. Your collaboration and interest in my work have been a highlight of this process. To each and every individual and organization named[4] in relation to this study on the ENTC website, thank you!!!

I am so grateful that this experience led me to develop such different and meaningful friendships in Lausanne and around the world.

I want to start by recognizing two incredibly strong and inspirational ladies in Lausanne for showing me what true friendship is. *Siobhan "Shevy" Rockcastle,* no matter where in the world we end up, I will always value our authentic friendship, and be so happy for your successes. *Claudia Pellegrin*, our friendship is beyond words. Thank you for always being there. To *Alexandra Thorer, Aleksandra Mandic, Azadeh Tajdar, Clément Javerzac-Galy, Dane Corneil, Dimitris Terzis, Luca Randazzo, Isabel Vollenweider, Galyna Pidpruzhnykova, Magda Elsadek, Robbie I'Anson Price, Sandeep Ranghunathan,* and *Tuuli Utrianen*, **thank you,** you are very special souls.

Around the world, thank you to *Dorothea Broednow, Kimberly Rubin, Michelle Lim, Nastaran Tavakoli-Far, Joana Casaca Lemos, and Michelle Blanchet* for your moral support over the years. Thanks to *Alexandra Bertomeu-Gilles, Alban Bressand, Amandine Bressand, Cécile*

[4] If you indicated your consent, we have thanked you by (firm) name in a news item at http://go.epfl.ch/investorthankyou.

Monteil Caetano, Chuck Roberts, Dhanu Eliezer, Eric Silberger, Jacqueline Breidlid, Luisa Porritt, Margaux Pelen, Pierre Escobar, Samantha Hing, Samantha Kleinfeld, Tina Kit, Valerie Pinkerton, and *Victoria Collins* for keeping our friendship alive. I would also like to acknowledge the following people for being really wonderful in supporting me in whatever way they could during this adventure: *Adina Rose Levin, Andi Brenner, Alec Molloy, Alejandro Barrera, Alexandre Castel, Alexandre Terrien, Alicia Sully, Alisée de Tonnac, Amanda Feldman, Antoine Sakho, Aphrodice Mutangana, Cécile Pompei, Chloe Stull-Lane, Christian Busch, Christophe Tallec, Denise Yu, DJ Saul, Eddie Harran, Emma France, Erica Berger, Grace Gould, Herbie & Megy Pfortmüller, Leocardia & Victor Byenka, Lilly Bussmann, James McBennett, Jessica Graf, Jonathan Kalan, Maria Boychenko, Marcus Kuhn, Mattan Griffel, Mark Hay, Mark Kaigwa, Pedro Ramirez, Rachel Cook, Rebecca Jodet, Riwa Harfoush, Sagarika Sundaram, Sofia Hmich, Suvi Sillfors, Thomas Sollie, Werner Hoffmann, William McQuillan, Xavier Duportet, Yonatan Raz-Fridman,* and *Yela Naletto.* I am sure I am forgetting someone. Please forgive me.

Of course, I must acknowledge that my journey would not have been possible without the sacrifices and efforts made by my grandparents and my ancestors before them. I thank my grandparents, *Nary Paolim Pan* (1937-2018)*, Sivouth Dean Pan* (1930-2016)*, Sokhon An Phul,* and *Sam Ol Phul* (1932-2017), for their tremendous love, imagination and strength of will to care for their children, escape from the war in Cambodia in the 1970s and 1980s, and nurture me, their granddaughter. This thesis was for you.

Thank you to my father, *Sorasak Pan*, for going back to your home country as soon as you had a chance in 1993. Thanks for exposing me to math and technology at a young age and for giving me your best answer whenever I asked you anything. You instilled in me a sense of curiosity about the world and a love of technology, learning, and exploration. You nudged me to surpass my limits and to achieve more than what I saw around me, all the while being a funny, gentle and great dad. Thank you, Dad.

Thank you to my mother, *Danette Phul*. Mom, I cannot thank you enough for every small and large thing that you did for me since I was a baby. Under your guidance, I developed a love of reading and singing, learned French and mastered my multiplication tables at a young age. You brought the world to me by raising me in Phnom Penh, but bringing me to visit our family in France and the U.S. You helped me put my studies first and made sure I had access to every opportunity, no matter our financial situation. I still do not know how you balanced it all: making sure that I studied, had fun and even made studying fun. Thank you, mom, for giving

me these beautiful wings from which I now fly. I will cherish these wings and take care of them for the rest of my life. Thank you, Mom.

Thank you to my family—*Lokta Huot, Ming Neary, Pou Samnang* and *Om Nerou*—for all of your love and support when I was in New York. *Mak Ming Ny*, your house in San Diego has felt like a second home to me. Thank you for supporting me in the college preparation process and all of your support. *Ming Na*, thank you for everything you and *Pou Khouy* have done for our family. *Bang Vanidha* and *Own Ahmahra*, I want to say that you have been like sisters to me (ones that really care about each other). Know that even though we are far away from each other, very few people mean as much to me as you and I am grateful for every moment we spend together.

J'aimerais aussi remercier ma famille en France et en Suisse. Tout particulièrement, Lulyna Ith *et* Guido Burmeister *pour tous ces petits moments ensemble, et je vous remercie encore de m'avoir hébergé à Pully avant que l'on se soit vraiment connu. Vous m'avez beaucoup appris, avec* Matthys et Cyril. *Pour moi, vous êtes un modèle familial.* Thida, Fredi, Pou Huch *et* Lokyey Ivoire*, merci pour les moments que nous avons passé en montagne et à Genève. Votre présence compte beaucoup pour moi.*

En France, j'aimerais remercier Christine et Daniel Jodet *pour leur gentillesse envers moi. Je suis gâtée d'avoir votre écoute et vos affections dans ma vie.* Lokyey Monita *et* Lokta Meaux, *merci pour votre amour et affection envers moi.* Lokyey Hamreine*,* Michel*, et* Lokta Hamrong, *merci pour nos moments chéris à Paris.* Mak Ny, Om Poeuv*, cela a toujours été un plaisir d'être parmi vous. Je me suis sentie comme votre quatrième fille pendant mes études en France.* Om Da *et* Om Leang, *merci pour tous les moments qu'on a partagé ensemble et tout ce que vous avez fait pour moi.* Om No*, merci pour tous les petits moments que nous avons passés ensemble quand j'étais plus jeune. J'ai de très bons souvenirs de nos conversations au laboratoire, dans la voiture et dans la nature. J'aimerais aussi remercier mes cousins en France. Je regarde vos vies, entourés de notre famille et je suis touchée que vous me teniez toujours informée malgré les kilomètres qui nous séparent. À tous mes oncles et à toutes mes tantes, merci pour tous les chaleureux moments en famille que je garderais toujours avec moi. Je vous aime.*

I would also like to thank *His Excellency Uch Kiman* and *Sotheara Kiman* for being great supporters of me ever since I was young. Their family is wise, generous, and noble and one of the last examples of honorable public service. Heartfelt thanks, also, to *Bong Moly, Bong Tony, Ming Pha, Ming Sim* and *Pou Vanna* for looking after me at the Cambodian Residence while I pursued my first graduate degree in Paris *Sciences Po*.

I know I am going on and on, but I want to acknowledge my secondary school teachers and the entire community at the International

School of Phnom Penh. Your voices of encouragement resurface regularly and have helped me during the tough moments of this project. Aside from technical skills, and knowledge, you were one of the first to help me develop self-esteem, discipline and compassion. A special thank you to *David Ayre, Elizabeth Ayre, Courtney Bailey, Tony Baughan, Mr. Bora, Xanthe Cobb, Mr. Dara, Janette Fawcett, Janet Field, Lance Jackson, David Preece, Tammy Rodabaugh, Todd Richer, Mr. Sakkedha, Eric Usher,* and *William Wright*. Many other[5] smiling faces in the hallways, at the gate, and in the classrooms still return to me and remind me of what I once hoped to achieve as a young high school student.

Finally, words hardly express how thankful I am for Luc Jodet, whom I met two years before moving to Lausanne. Since then, he has quietly supported me during some of the toughest moments of my young life. Thank you for being what Sheryl Sandberg calls "a true partner," being there for me in all parts of life. You compliment me, complement me and make our life together possible, not least by fixing things, cooking things, cleaning things, and coming to my rescue for Excel- and non-Excel-related issues. I benefitted greatly from your varied entrepreneurial experience, and I hope that you gained something meaningful from the research and teaching in my work.[6] Thank you for respecting what I have done, what I do, and what I am capable of doing, while also giving me room to grow and define myself beyond my old paradigms.

With you, I have learned that the idea of being fully prepared and fully certain is a useless illusion. Life arrives at the speed that it does, and we simply must adapt. As you told me once in nearly pitch-black darkness, despite the unexpected, unpleasant, or even simply mundane things that life has brought us so far, it has always been alright—and even fun!— because we were together. I look forward to beating you at Scrabble (in both French and English) for many years to come.

"Thank you" are two words I believe I do not—and might never be able to—express enough.

Finally, many thanks to you, dear reader, for listening to this tall tree of gratitude fall in the forest.

Tuesday, July 10th, 2018
Lausanne, Switzerland, Earth

[5] *Diane Atkinson,* your work with the mother tongue program has stuck with me (along with your remarks about good posture). *Damien Kerrigan*, thanks for your tough guidance during my creative writing project. *Kerstin Mockrish* and *Rita Stockhowe*, thank you for (re-)introducing me to swimming and theater improvisation, gifts which have brought me so much joy. *Erik and Robin Wilenksky*, even though it was your first year at ISPP, you also made your mark on my last year of high school.

[6] In hindsight, it probably was not the best idea for me to pursue this degree at the same time as your serial startup adventures… I am thankful that we can forgive each other and hope we can enjoy some of the fruits of our hard work soon.

If you think you're too small to have an impact, try going to bed with a mosquito.

— attributed to Anita Roddick

Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.

— Margaret Mead

To my grandparents, who strived to educate their children, and instilled in me the value of education,

To every person taking an optimistic step towards building a world in which we would actually want to live—every person who responds to the words of critics, skeptics and saboteurs with curiosity, compassion and a healthy dose of skepticism,

And to all beginners, learners and imperfect people.

Contents

List of figures

List of tables

List of abbreviations and definitions

Abbreviations

BA	a Business Angel
cf.	to confer
CSR	Corporate Social Responsibility
DD	due diligence
e.g.	*exempli gratia*
ESG	Environmental, Social and Governance
et al.	*et alii*
GIIN	Global Impact Investing Network
GIIRS	Global Impact Investment Rating System
GP	a General Partner
IC	investment committee
i.e.	*id est*
LP	a Limited Partner
NFP	not-for-profit
RQ	a Research Question
SRI	Socially Responsible Investing
SROI	Social Returns on Investment
SVC	Social Venture Capital (also: Social Venture Capitalist)
US	United States of America
vs.	versus
VC	Venture Capital (also: Venture Capitalist)

Definitions

business	a for-profit organization
firm	a for-profit organization
firm-level attributes	qualities which can be measured at the level of the firm, e.g., firm age, the location of the firm's headquarters, number of employees
conceptual research	in contrast to empirical research, conceptual research offers theoretical insights which are not directly derived from independent data collection and/or analysis
general partner (GP)	the manager of an investment fund
holographic organization	a type of hybrid organization in which each internal unit exhibits the properties of the organization as a whole, due to practices from both identities being evenly 'diffused' throughout (not to be confused with a holocratic organization)
hybrid organization	an organization which jointly adopts two or more identities, organizational forms, logics, or other core organizational elements that would not normally be expected to go together
hybridity collapse	hybridity collapse occurs when an organization no longer exhibits the qualities of hybridity, usually due to an increase in dominance of one of the organization's identities, and the resulting delegitimization of the other identity or identities
ideographic organization	a type of hybrid organization in which each internal unit has different organizational identity (also called a "specialized" hybrid)
impact investor	a broad term used to describe many different types of social investor, however, strictly, this term refers to an investor (usually an organization) which primarily, and intentionally invests to achieve strong social and commercial returns
individual-level attributes	qualities which can be measured at the level of the individual, e.g., age, place of residence, number of siblings
IRIS	IRIS a catalog of performance metrics developed by the Global Impact Investing Network (GIIN) to track social, environmental, and financial success
dualistic organization	an organization which jointly adopts two identities, a state known as organizational duality (not to be confused with dualistic epistemology which refers to a realist, objectivist conception of reality)
limited partner (LP)	an individual or organization which provides funds to other investment firms to be invested (as a result, investment firms are

	liable to these partners, and strive to make profits they can offer to their LPs)
organizational duality	a type of organizational hybridity which involves the joint adoption of two identities
research setting	research setting refers to the physical or virtual space in which data was collected
social investment firm	a fund (organization) which takes social and/or environmental concerns into account in its investment practice
social investor	a funder (person or organization) which takes social and/or environmental concerns into account in the investment practice
social venture capital	an impact investing firm which primarily invest in social-commercial hybrids in their early stage
social mission	a social and/or environmental mission
venture	a newly established or emerging growth-oriented organizational initiative (usually a young, for-profit firm)
venture capital	an early-stage private-equity firm

Chapter I

Why study identity duality and investor decision-making?

I. Introduction

- Why study identity duality and investor decision-making?

Insanity is doing the same thing over and over again and expecting different results. — Unknown (attributed to Albert Einstein)

What are we doing here?[7]

From for-profit firms to non-profit organizations, social movements to new ventures: people organize for a reason. Beliefs about who they are, as individuals, and as organizations, provide a "set of 'ultimate whys' for planning, explaining and justifying collective action" (Whetten & Mackey, 2002: 396). When organizations' stories about "who we are" and "what we do" are salient and coherent, leaders within the organizations have a better framework of how to make important decisions (Voss, Cable, & Voss, 2006), and actors outside the organizations are more likely to engage with them (Martens, Jennings, & Jennings, 2007; Navis & Glynn, 2011).

However, sometimes an organization "considers itself (and others consider it) alternatively, or even simultaneously, to be two different types of organizations" (Albert & Whetten, 1985: 270). This phenomenon, where organizations manifest a single hybrid identity, or two identities simultaneously, is called *identity duality* (Ashforth & Reingen, 2014; Smith & Besharov, 2017) and represents a type of *hybrid organization* (Battilana, Besharov, & Mitzinneck, 2017; Pratt, 2016). These constructs—identity duality and other types of organizational hybridity—are constructs which have captured and held scholarly interest over the past decades because, in many ways, hybridity is puzzling and poorly understood (Battilana & Lee, 2014). It is puzzling because hybridity challenges what scholars and managers intuitively believe about organizing (Battilana et al., 2017). When organizations combine identities "not normally be expected

[7] This chapter represents the author's own work.

to go together" (Albert & Whetten, 1985: 270), decision-making is no longer guided by a single, coherent idea of what is an appropriate in both day-to-day activities and important strategic decisions (Kraatz & Block, 2008; Nicholls, 2010). Practitioners no longer know according to which principles, or *combination* of principles, to act. As such, scholars have flocked to study the phenomenon in past years, to develop theory to help explain how these organizations function, and to predict organizational thinking and behavior in such organizations.

Although scholars have studied hybridity as related to the combination of dual "identities" (Albert & Whetten, 1985; Glynn, 2000), "organizational forms" (Tracey, Phillips, & Jarvis, 2011), "logics" (Battilana & Dorado, 2010; Pache & Santos, 2013), and other core organizational elements (Battilana et al., 2017: 128), the hybrid organization of special interest to this thesis is a type of organizational hybridity which combines a commercial profit identity with a social welfare identity.[8]

This hybrid organization is particularly intriguing because it seems to challenge decision-makers to choose between what is better for *them*, or for *their firm*, and what will bring them closer to meeting the goals they have for *others* (e.g., their community, the world). But while dual organizational self-concept, and in particular *social-commercial* self-concept, has existed for centuries—in orchestras (Glynn, 2000), creative organizations (Eikhof & Haunschild, 2007; Gotsi, Andriopoulos, Lewis, & Ingram, 2010), universities (Albert & Whetten, 1985; Kraatz & Block, 2008; Murray, 2010) and other types of organizations (e.g., Mars & Lounsbury, 2009; Shore, 1998, Ramus, Vaccaro & Brusoni, 2017)—it is only recently that management scholars have started exploiting these settings to extend our understanding of hybrid organizing.

This recent scholarly interest in social-commercial hybrids coincides with the ongoing shift in the discourse around the purpose of business (BlackRock, 2018; Godelnik, 2018; Krouse, 2018), business education (Petriglieri & Petriglieri, 2010; Miller et al., 2012; Tracey & Phillips, 2007; Weber, 2012) and management research (Donaldson & Walsh, 2015). As described in the second section of this chapter, even firms which have maintained a singular commercial identity through its history are now being called to actively contribute to social welfare issues (Margolis & Walsh, 2003). Top business schools have witnessed an 800% increase in demand for courses which address how to address societal challenges (Milway & Goulay, 2013). Finally, recent publications from top management scholars, in top-ranking journals, challenge researchers to carefully consider the impact of their work on business and society (Ghoshal & Moran, 1996; Ferraro et al., 2005; Kraatz & Block, 2008).

---

[8] For other scholarly approaches to studying this phenomenon see: Austin, Stevenson, & Wei- Skillern, 2006; Lyons & Kickul, 2013; Miller, Grimes, McMullen, & Vogus, 2012; Shepherd, 2015; Shepherd, Williams, & Patzelt, 2015; Short et al., 2009.

Across these domains it is becoming clear that society faces critical social and environmental issues (Miller et al., 2012), and that established and emerging firms can take action to address these issues (Eisenhardt, Graebner, & Sonenshein, 2016; George, Howard-Grenville, Joshi, & Tihanyi, 2016; Hollensbe, Wookey, Hickey, George, & Nicholls, 2014). For example, some businesses are now going beyond legal requirements and intentionally seek to address huge numbers of people without access to basic goods and services (Hart & Christensen, 2002; Karnani, 2007; London & Hart, 2004; Prahalad, 2006; Yunus, 2007; Yunus, Moingeon, & Lehmann-Ortega, 2010). Likewise, other businesses are surpassing legal thresholds and increasingly seek to reduce their negative environmental impact and address other environmental concerns (Dean & McMullen, 2007; Howard-Grenville et al., 2014).

The good news is that scholars have also responded to increased societal demand for insights in this domain, and there is much we have learned about *hybridity*.[9] Scholars have theorized at length about the *macro-foundations of hybridity* (Friedland & Alford, 1991; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). They have linked hybridity to *organizational outcomes* such as organizational tension (e.g., Glynn, 2000), failure (e.g., Tracey et al., 2011) and innovation (e.g., Murray, 2010). These *organizational outcomes* have then been linked to *hybridity outcomes*, such as the collapse (e.g., Ebrahim, Battilana, & Mair, 2014) or maintenance of hybridity (e.g., Smith & Besharov, 2017). More recently, a rich body of work on internal dynamics of hybrid organizations has flourished, including research on the managerial and organizational strategies internally applied to cope with and attempt to shape the diverse consequences of duality (e.g., Ashforth & Reingen, 2014; Jay, 2013; Lok, 2010; see also: Oliver, 1991).

This wealth of research has provided a compelling frame, revealing an opportunity for scholars to ask and address theoretically significant questions which have not yet been empirically addressed. For example, the literature on hybrid organizing has rarely examined how hybridity affects individual *decisions* within firms (Golden-Biddle & Rao, 1997). And while the literature has linked hybridity to various organizational and hybridity outcomes, the literature has struggled to find a suitable and transferable proxy for performance (Battilana & Lee, 2014). Next, while scholars have looked at strategies and processes to manage hybridity, research on hybrid organizing has tended to intervene at a single level of analysis (Tracey et al., 2011), looking mostly at internally-directed and organically-developed processes with little attention placed on how third-parties might systematically shape hybridity outcomes in organizations (Lyons & Kickul, 2013; Nicholls, 2014). Finally, hybridity studies have rarely examined the

[9] Figure 8, at the end of the following section, under “scholarly research on social-commercial hybrids,” maps past empirical research on social-commercial hybridity and research opportunities.

microfoundations of hybridity or how individual attributes influence organizational and hybrid outcomes (Almandoz, 2012; Zilber, 2002).

This thesis seizes these opportunities by investigating hybridity from the perspective of *social investors,* defined as a person or resource-providing organization which takes social and/or environmental concerns into account in their funding practice. The thesis asks, *how does social-commercial duality affect new venture evaluation and investor decision-making?*

This question is addressed in three parts. The first two studies focus on a Social Venture Capital firm (SVC), a type of social investment firm which makes early-stage equity investments into social-commercial hybrids, while being itself, a social-commercial hybrid. The first study examines the role of hybridity on firm-level decision-making and on venture-level outcomes. The second study continues in this vein but places a spotlight on venture-firm interaction.

The third and last study moves to the individual level, examining the role of individual decision-making on the evaluation of social, commercial and hybrid attributes in investment proposals. Tests are conducted at the level of the individual decision-maker, drawing on a sample of 154 individuals from hybrid and non-hybrid investment practices, including both commercial and social investment firms.

These three studies together contribute to research on hybrid organizing by taking puzzling and poorly understood phenomena, unpacking the elements that comprise them, theorizing the relationship between the elements, and testing related hypotheses on the actual populations of interest. The studies qualify the specific attributes of hybridity at the venture level that lead to successful resource acquisition. Moreover, these studies indicate factors affecting the funding decision at the level of the firm, as well as, at the level of the individual decision-maker. This multi-level investigation is, in part, enabled by taking the perspective of the investor, an increasingly prominent and influential actor and resource-provider—whose role in shaping hybridity outcomes has, until now, largely been overlooked by both hybridity and investor decision-making research.

Thesis overview

The three empirical studies in this thesis are intended to build on and complement each other. Each study investigates hybridity at the level of the decision-maker and the investment proposal. The first two studies are inductive, qualitative studies which examine hybridity at the level of the decision-making *firm*, followed by one deductive, quantitative study, which examines hybridity at the level of the decision-making *individual*.

The first study of the thesis takes a qualitative approach to better understand how *firm-level hybridity* affects the evaluation and *investment* *decisions* on *investment proposals* from other firms (early-stage ventures varying in hybridity). Essentially, the study aims to understand how social-commercial hybridity translates into investment selection criteria. Hybridity at the level of the investment firm is denoted as H_f in the following diagram, while the hybridity of the venture submitting the investment proposal is denoted H_i.

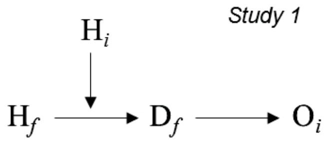


Figure 1: Conceptual framework for Study One

This study examines how venture and investment deal attributes related to the *investment proposal's hybridity* affect the *investment firm's decision*, and how this in turn affects *investment outcomes*.[10] The investment outcome for each investment proposal reviewed by the investment firm is denoted as O_i in the above diagram, and may refer to a lost, rejected, or successfully completed investment deal. The funding decision of the investment firm in this study (denoted D_f in Figure 1) refers to the decision to pursue or not pursue an opportunity. The four constructs of interest to Study One are summarized in Figure 1.

Study One is conducted in the context of a social venture capital firm (SVC), an early-stage equity investment firm which seeks to directly finance social ventures, defined as newly-formed, privately-owned social-commercial hybrids addressing critical social or environmental issues (Acumen Fund & Monitor Institute, 2012; Barry, Muscarella, Peavy, & Vetsuypens, 1990; Randjelovic, O'Rourke, & Orsato, 2003; Timmons & Bygrave, 1986). It draws on 1,614 investment proposals reviewed by a European-based social investment firm over a five-year period.

Insights from Study One helped to create theoretical space to conduct Study Two. In the second study, I continue to study hybridity at the level of the investment firm and remain interested in the prior four constructs: the hybridity of the fund (H_f), the hybridity of the venture submitting the investment proposal (H_i), the investment decision of the investment fund (D_f), and the eventual funding outcome (O_i). However, while the prior study focuses on how hybridity at the level of the firm affects firm decisions and outcomes, this study places more emphasis on the investment firm's engagement with the venture, delving deeper into the *strategies used by the firm* to arrive at its decisions and outcomes, defined as "a pattern in a stream of decisions" (Mintzberg, 1978; Mintzberg, Raisinghani, & Theoret, 1976; Mintzberg & Waters, 1982, 1985). Drawing on 25 months of fieldwork at the same investment firm, including seven

[10] Decisions are considered separate to funding outcomes, because as illustrated in Chapter 3, these funding outcomes are also dependent on other factors. For example, the venture may decide to cease activities, cease fundraising, or select a different funding partner.

consecutive months onsite, an inductive investigation into the investment firm's processes yielded five strategies used by the fund to evaluate venture hybridity, shape venture hybridity, and come to an investment decision (with implications for investment outcomes). The following Figure 2 indicates how Study One builds on Study Two. The investment firm's strategies are denoted in the Figure 2 as S_f.

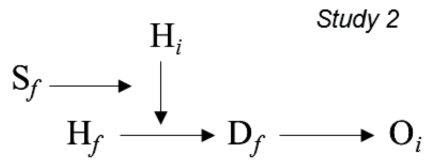


Figure 2: Conceptual framework for Study Two

At the beginning of this thesis, Studies One and Two were guided by a single, broad, open-ended question due to the scarcity of research in this area and limited understanding of the phenomenon. However, once the majority of the analyses in Studies One and Two were completed, a more deductive study could be designed. Study Three uses insights from Studies One and Two to design a quantitative test of the microfoundations of hybridity, studying hybridity at the level of the individual investor, investigating how hybridity within individual mindsets shapes the evaluation of venture attributes in hypothetical investment decisions. As Figure 3 illustrates, this study views individual-level attributes as the (micro)foundations of hybridity and decision-making at the level of the firm.

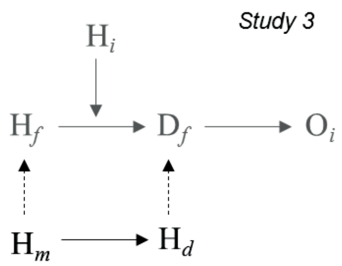


Figure 3: Conceptual framework for Study Three (see: black solid lines)

Insights derived from prior fieldwork helped to develop constructs (the venture attributes) used in an experimental investment assessment exercise from the tradition of conjoint analysis (Lohrke, Holloway, & Woolley, 2010; Shepherd & Zacharakis, 1999). Individual commercial and social orientation were calculated based on a social identity scale we adapted for this purpose (Fauchart & Gruber, 2011; Sieger, Gruber, Fauchart, & Zellweger, 2016). The assessment exercise resulted in 22 investment evaluations from 154 individuals from hybrid and non-hybrid investment practices, including both commercial and social investment firms (3,388 decisions). The following diagram illustrates the underlying foundation of hybridity of firms and their decisions lie at the level of the individual, that is, the hybridity of an individual decision-maker's mindset, denoted as H_m. Study Three investigates the hybridity of the investment decision itself, denoted as H_d.

The main constructs and relationships of interest to this thesis are summarized below, in Figure 4.

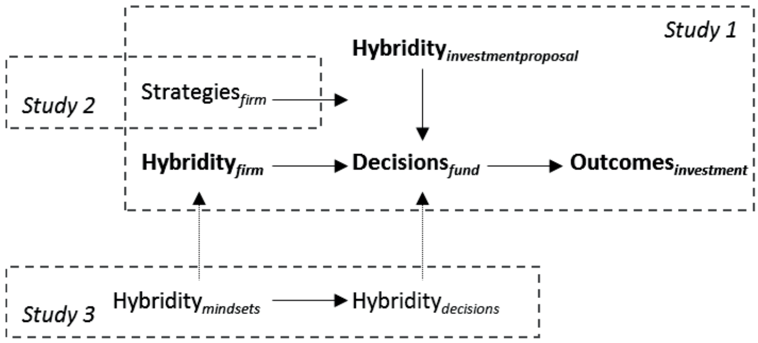


Figure 4: Overview of constructs and relationships investigated in this thesis (nomological network)

Structure of chapter

The following four sections of this chapter are organized as follows. The first section is dedicated to the theoretical background of this research project. I begin by explaining how I have chosen to conceptually demarcate this area of study in the first three sections on logics of appropriateness, hybrid organizations, and philosophical perspectives on hybridity. Then, I introduce social-commercial hybrids, focusing first on the "separate" social and commercial identities, followed by related research on these types of organizations.

For a shorter version of the theoretical motivation, skip to the third section of this chapter, titled "Overview of research project." For a shorter introduction to social and commercial identities, please see the theoretical development section of Chapter 5 (Study Three) on individual mindsets. For a summary of research on social-commercial hybrid organizations, see Figure 6, which provides a conceptual framework for how organizational identity forms in organizations, Figure 8, which situates Studies 1, 2, and 3 on this diagram (the figures can be found just before the section on social-commercial hybrids, on page 52 and 58, respectively).

The second section of Chapter 1 provides an overview of the empirical contexts in which this research takes place. This section explains how social ventures relate to other types of social and commercial organizations, and why social ventures differ from phenomena like Corporate Social Responsibility (CSR). Similarly, this section also explains how social-commercial hybrid funds differ from other types of investors. For a shorter introduction to social-commercial hybrid funds, please refer to the introduction section of Chapter 3 (Study One).

The third section of this chapter provides an overview of the research project, summarizing the research motivation, presenting the research questions, and a summary of each of the three empirical studies of the thesis.

Finally, the fourth and last section of this chapter explains the proceeding structure of this document.

Theoretical Background

If the institutional constraints on behavior are not specified, the social sciences risk becoming ideologies of the institutions they study.
— Friedland and Alford (1991: 260)

Organizations rely on salient and coherent stories about "who we are" and "what we do," because they provide a "set of 'ultimate whys' for planning, explaining and justifying [collective] action" (Whetten & Mackey, 2002: 396). When simple and coherent, decision-making is easier for managers (Martens, Jennings, & Jennings, 2007; Navis & Glynn, 2011; Voss, Cable, & Voss, 2006). However, sometimes managers receive conflicting input on the most appropriate line of action. It is this logic of appropriateness, and how organizations manage multiple messages on what *is* appropriate which is of interest to this thesis.

A logic of appropriateness as a promising entry point for research

For centuries, scholars have investigated how individual and organizational mindsets influence behavior. Depending on the research stream, scholars have operationalized these different ways of thinking at different levels of analysis (e.g., field, organization, individual), referring to these mindsets as *institutional logics* (or *logics*)*, identities,* or *mindsets* (see Table 1 for an overview of approaches the literature has taken to understand the different mindsets of organizations and decision-makers).

Although many of these characterizations—or underlying approaches—borrow from "individual-level theories to enrich our understanding of organizational-level dynamics" (Pratt & Foreman, 2000: 19), they vary in the extent to which they recognize agency at the level of the organization and at the level of the individuals which comprise the organization (e.g., Daft & Weick, 1984). Assumptions about organizational behavior as driven by the intention of an individual or a collective of individuals (Whetten & Mackey, 2002) are usually evident in the level of analysis treated by each approach in the literature.

However, despite the extent to which scholars treat individual-level mechanisms as drivers of organizational-level outcomes, what these approaches do have in common is their acknowledgement that organizational behavior is driven by a "logic of appropriateness" (Levitt & March, 1988: 320; March, 1999: 228)—whether this takes place at an organizational-level, in which organizations are themselves, the social agent (a collective social actor) (Whetten & Mackey, 2002)—or, at an individual-level, whereby humans make sense of and deliberately lead the process.

For example, neoinstitutional scholars view appropriateness as stemming from organizational forms which are "institutionally derived" (Greenwood & Hinings, 1996: 1028). Organizational forms are "an archetypal configuration of organizational structures and practices given coherence by underlying values regarded as appropriate within an institutional context" (Greenwood & Suddaby, 2006: 30); as such, they are usually fixed determinants of what is appropriate (D'Aunno, Succi, & Alexander, 2000; Kraatz & Zajac, 1996). Alternatively, a bottom-up researcher which prioritizes the role of individuals within organizations might take the following view, whereby identity and action are closely linked (Weick, 1995).

> *"The logic of appropriateness approach proposes that people ask themselves the question (consciously or unconsciously): 'What (rules) does a person like me (identity) do in a situation like this (recognition)?' It is the combination of these factors—recognizing the kind of situation it is, understanding the norms that apply, and considering how one's identity interacts with the other elements—that determines the 'appropriate' action. People generally seek to act 'appropriately'"* (Weber & Messick, 2006: 53).

Despite their varying levels of analysis, or the terms used to describe them (institution, logic, mission, interests, values, identity, etc.), scholars are converging on the idea that these are all "related constructs" (Battilana, Besharov, & Mitzinneck, 2017; Schad, Lewis, Raisch, & Smith, 2016). One scholar defined identity broadly as "the institutional notions of who or what any social actor might or should be in a particular institutional context, and by implication, how the actor should act" (Lok, 2010: 1308). All point to a foundational *source* of appropriateness which provide a set of "screens," "frames of reference" and "givens" that drive individual-level and organizational-level behavior, whether they be sociological and cultural, or cognitive and psychological (Cyert & March, 1963; Simon, 1955; Walsh, 1995). As such, this source of appropriateness becomes extremely important to study. First of all, differences in opinion on what is appropriate is a source of conflict in organizations (Fiol, Pratt, & O'Connor, 2009). As described by Friedland and Alford (1991:256): "some of the most important struggles between groups, organizations, and classes are over the appropriate relationships between institutions, and by which [institutional logic] different activities should be regulated and to which categories of person they apply." Sometimes what is framed as a technical or strategic question may be hiding a more fundamental philosophical conflict worth understanding.

Construct	Level of analysis	Exemplary excerpts	Main source
Institutionalized rules	- Society - Industry ("field," market, or selected population)	*"Institutionalized rules are classifications built into society as reciprocated typifications or interpretations (Berger and Luckmann 1967, p. 54). Such rules may be simply taken for granted or may be supported by public opinion or the force of law (Starbuck 1976). Institutions inevitably involve normative obligations but often enter into social life primarily as facts which must be taken into account by actors. Institutionalization involves the processes by which social processes, obligations, or actualities come to take on a rule-like status in social thought and action."*	Meyer & Rowan (1977: 341)
Institutions	- Supra-organizational - Inter-organizational	*"We conceive of institutions as both the supra-organizational patterns of activity through which humans conduct their material life in time and space, and symbolic systems through which they categorize that activity and infuse it within meaning"* (Friedland & Alford, 1991: 232). *Friedland and Alford (1991) "focus on institutional logics as supra-organizational patterns, both symbolic and material, that order reality and provide meaning to actions and structure conflicts"* (Thornton & Ocasio, 1999: 802).	Friedland & Alford (1991: 232)
Institutional logics 1	- Industry >> organization	*"While power and politics are present in all organizations, the sources of power, its meaning, and its consequences are contingent on higher-order institutional logics. Institutional logics define the rules of the game by which executive power is gained, maintained, and lost in organizations* (Jackall, 1988). *[…] We define institutional logics as the socially constructed, historical pattern 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 (Jackall 1988, p. 112; Friedland and Alford 1991, p. 243)."*	Thornton & Ocasio (1999: 802–804)
Institutional logics 2	- Individual - Organization - Field	*"The material practices, assumptions, values, beliefs, and rules that define a particular social world – shape and coordinate action (Friedland and Alford, 1991; Thornton et al., 2012; Thornton and Ocasio)."*	Glaser, Fast Harmon & Green Jr. (2016: 1)
Organizational forms 1	- Organization - Individual	*"An organizational form is a blueprint for organizational action, for transforming inputs into outputs. The blueprint can usually be inferred, albeit in somewhat different ways, by examining any of the following: (1) the formal structure of the organization in the narrow sense-tables of organization, written rules of operation, etc.; (2) the patterns of activity within the organization-what actually gets done by whom; or (3) the normative order-the ways of organizing that are defined as right and proper by both members and relevant sectors of the environment"* (Hannan & Freeman, 1977: 935)	Hannan & Freeman (1977); Stinchcombe (1965)
Organizational forms 2	- Organization - Individual	*"Neoinstitutionalists, whom we follow here, regard forms as "incarnations of beliefs and values"* (Haveman & Rao, 1997: 1611, see also: D'aunno et al., 2000; Kraatz & Zajac, 1996). *That is, "An organizational form is an archetypal configuration of structures and practices given coherence by underlying values regarded as appropriate within an institutional context (Greenwood & Hinings, 1996)."* (Greenwood & Suddaby, 2006)	Greenwood & Hinings (1996)
Stakeholder interests	- Organization	*"Any identifiable group or individual who can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives"* (Freeman & Reed, 1983: 91) *"Stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity. Stakeholders are identified by their interests in the corporation, whether the corporation has any corresponding functional interest in them"* (Donaldson & Preston, 1995: 67)	Freeman (1984); Mitchell, Agle & Wood (1997)

Values	- Individual	*"According to the literature, values are (a) concepts or beliefs, (b) about desirable end states or behaviors, (c) that transcend specific situations, (d) guide selection or evaluation of behavior and events, and (e) are ordered by relative importance."*	Schwartz & Bilsky (1987: 551)
Organizational identities	- Organization (collective social actor) - Organization (social aggregate)	*"Organizational identity consists of those attributes that members feel are fundamental to (central) and uniquely descriptive of (distinctive) the organization and that persist within the organization over time (enduring)"* (Pratt & Foreman, 2000: 20). *"The concept of organizational identity is specified as the central and enduring attributes of an organization that distinguish it from other organizations"* (Whetten, 2006: 220)	Albert & Whetten (1985), Whetten (2006: 220)
Role identities	- Individual (usually interpersonal)	"Identity theorists refer to the multiple components of self as identities (or, more specifically, role identities). The notions of identity salience and commitment are used in turn to account for the impact of role identities on social behavior" (Hogg, Terry, & White, 1995: 256).	Stryker (1968), Stryker & Burke (2000), Stryker & Serpe (1994)
Social identities	- Individual (usually intergroup) >> organization	*"The term social identity [consists of] those aspects of an individual's self-image that derive from the social categories to which he perceives himself as belonging" "The essential criteria for group membership, as they apply to large-scale social categories, are that the individuals concerned define themselves and are defined by others as members of a group […] a collection of individuals who perceive themselves to be members of the same social category, share some emotional involvement in this common definition of themselves, and achieve some degree of social consensus about the evaluation of their group and of their membership of it. Following from this, our definition of intergroup behavior is basically identical to that of Sherif (1966, p. 62): any behavior displayed by one or more actors toward one or more others that is based on the actors' identification of themselves and the others as belonging to different social categories"* (Tajfel & Turner, 1979: 40). *"The individual's knowledge that he belongs to certain social groups together with some emotional and value significance to him of this group membership"* (Hogg & Terry, 2014: 122; Tajfel, 1972: 292).	Tajfel (1972), Tajfel & Turner (1979

Table 1: Different approaches to studying ways of thinking *within* and *of* organizations

Next, conflicts on what is appropriate are also influential *emotionally.* Tied to constructs like "who I am" and "who we are" (Brewer & Gardner, 1996), they are often more emotionally charged than conflicts on other aspects, as conflicts over what is appropriate within organizations is often considered an end in itself, rather than a means to an end (Fiol et al., 2009). As Besharov and Smith (2014: 9) summarize: goals, "core values, and beliefs are evaluated against a logic of appropriateness, making them hard to challenge or modify. In contrast, means are evaluated based on a logic of consequence and are therefore more malleable"[11] (Fiol, 2002; Jones & Massa, 2013; March, 1994; Pache & Santos, 2010). Fauchart and Gruber (2011: 952) write, in the context of entrepreneurship,

> *"A founder's social identity establishes an important restrictive corridor, because only some behaviors and actions are considered*

[11] There is some debate about whether organizational identities (Pratt & Foreman, 2000) or individual identities (Gioia, 1998) are harder to change (Fiol, 2002: 653)

appropriate in entrepreneurship and not others—a circumstance that could also be a fundamental source of conflict when a team of founders is composed of individuals with different identities."

As such, researchers argue that more attention should be directed at how individual identities shape organizations (Watson, 2008). This makes the source of what is appropriate a promising point of intervention for scholars.

From a pragmatic perspective, appropriateness is also an intriguing point of entry for research. Appropriateness, as perceived through [organizational] identity, has been described as "guideposts for organizational action" (Anthony & Tripsas, 2016; Kogut & Zander, 1996), while decision-makers have been described as "sites of causation" (Abbott, 1995; Kraatz & Block, 2008: 43). This suggests that individual identity, driving organizational identity, are antecedents to most of the means that organizations will employ; the antecedent of *actively* selected actions as well as *subconsciously* enacted behaviors (Corley et al., 2006). These, in turn, have real consequences for the organization, e.g., determining firm characteristics, firm strategy (Ashforth & Mael, 1989; Fauchart & Gruber, 2011; Ravasi, Tripsas, & Langley, 2017; Tsoukas & Chia, 2002) and the appeal of the firm to broader stakeholders (e.g., Dutton & Dukerich, 1991; Jones, Maoret, Massa, & Svejenova, 2012). Thus, understanding these "guideposts" and "sites of causation" can give us rich insight into the functioning of organizations.

Finally, studying appropriateness is interesting due to the window it provides into the "primary categories of analysis," i.e., the institutions from which theories are powered. As Friedland and Alford (1991: 260) argue, "without understanding the historical and institutional specificity of the primary categories of analysis, social scientists run the risk of only elaborating the rationality of the institutions they study, and as a result become actors in their reproduction."

Although the specific theoretical grounding of this thesis changes slightly between studies, ultimately the uniting concepts this thesis will focus on are the individual *mindsets,* or conceptions of appropriateness driving their own—and, in turn, their organization's—decision-making and behavior.

The next section delves into the concept of hybridity—a feature of individual mindsets and organizational identity that has caught the interest of researchers and practitioners in recent years.

Hybrid organizations

This thesis takes a particular interest in organizations which contain *multiple* views on what is deemed appropriate, or, "suitable or compatible" for particular circumstances (Merriam-Webster.com, 2018a). The contestation between the different mindsets existing within these organizations is a topic of great interest to many literature streams and has been studied using terms such as *dialectic, duality, hybridity, organizational contradiction,* and *paradox.* For the most part, scholars have studied how organizations allocate their attention between one organizational concept or activity as juxtaposed against a second organizational concept or activity. A summary of approaches and themes which have been treated in the literature are summarized in the following table (Table 2).

Labels	Level of analysis[12]	Example of themes treated
Ambidexterity	- Organization	- exploration vs. exploitation (Andriopoulos & Lewis, 2009; Gibson & Birkinshaw, 2004; March, 1991; Nickerson & Zenger, 2004; O'Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008; Rivkin & Siggelkow, 2003; Simsek, 2009)
Contradictions (including: pragmatic paradoxes and double-binds)	- Individual - Organization	- stated organizational policy versus the experience of practice - the account of one organizational member versus the account of another - simultaneous belief in two logically contradictory thoughts (i.e. "doublethink") (El-Sawad, Arnold, & Cohen, 2004: 1180) - respect vs. suspect - nurture vs. discipline - consistency vs. flexibility - solidarity vs. autonomy (Tracy, 2004: 135)
Dialectics	- Inter-organizational	- design vs. emergence - cooperation vs. competition - trust vs. vigilance - expansion vs. contraction - control vs. autonomy (de Rond & Bouchikhi, 2004) - flexibility vs. control (Das & Teng, 2001) - functions vs. dysfunctions of formalization (Vlaar, Van Den Bosch, & Volberda, 2007)
Dilemmas	- Individual - Organization - Society	- socially defecting choice (e.g. having additional children, using all the energy available, polluting his or her neighbors) vs. socially cooperative choice (Dawes, 1980: 169; Weber & Messick, 2006: 359) - shareholder interest vs. stakeholder interest (Donaldson & Preston, 1995; Matsusaka, 1993)
Hybrid identity and organizational duality	- Individual - Group - Organization	- artistic excellence vs. fiscal responsibility (Eikhof & Haunschild, 2007; Glynn, 2000) - art vs. industry (Dalpiaz, Rindova, & Ravasi, 2016) - academic vs. commercial logics (Murray, 2010) - social welfare and social work logic vs. bureaucratic funding logic (Binder, 2007) - care vs. science logics (Dunn & Jones, 2010) - conformity vs. novelty (Navis & Glynn, 2011) - community-focus vs. broader-beneficiary-focus (Powell & Baker, 2017) - community vs. finance (Almandoz, 2012) - community-focus vs. geographic scale and diversification (Marquis & Lounsbury, 2007) - creative passion vs. budgetary pressures (Gotsi, Andriopoulos, Lewis, & Ingram, 2010) - ecologizing vs. economizing logics (York, Hargrave, & Pacheco, 2016) - environmental logics vs. market logics (Mars & Lounsbury, 2009) - feminist vs. therapeutic practices (Zilber, 2002) - inclusiveness and authenticity vs. codification and market legitimacy (Lee, Hiatt, & Lounsbury, 2017) - informality vs. formality (Stone & Brush, 1996) - market forces (e.g., proximity to competitors) vs. broader institutional forces (e.g., state regulation, ownership, governance norms) (D'aunno et al., 2000) - medical professionalism vs. business-like health care (Reay & Hinings, 2009) - open science vs. technology commercialization (Bercovitz & Feldman, 2008) - passion vs. preparedness (Chen, Yao, & Kotha, 2009) - patient service vs. costs (Shore, 1998) - patient center vs. nursing-profession center (Pratt & Rafaeli, 1997: 883) - personal vs. social identities (Kreiner, Hollensbe, & Sheep, 2006) - poverty alleviation vs. commercial banking (Kent & Dacin, 2013) - small-town values vs. progressive values (Haveman & Rao, 2006) - focus vs. diversification in social-commercial hybrids (Fosfuri, Giarratana, & Roca, 2016) - social vs. business tensions (Smith, Gonin, & Besharov, 2013) - social development vs. commercial banking (Battilana & Dorado, 2010; Battilana & Lee, 2014) - social justice vs. commercialization (Yue, Wang, & Yang, 2018) - social welfare vs. personal gain (Wry & York, 2017) - science vs. technology (Wry, Lounsbury, & Jennings, 2014) - social welfare vs. commerce (Pache & Santos, 2013)

[12] Field-level analyses are excluded from this table.

		- social idealism (e.g., cooperative and environmental values, co-op governance, member services, organic purity) vs. more pragmatic business concerns (e.g., profitable management, saving money, increasing sales, financial viability) (Ashforth & Reingen, 2014: 479, 481) - unions, religion, and green political parties vs. financial logic (Yan, Ferraro, & Almandoz, 2018) - US universities' athletic vs. academic offer (Kraatz & Block, 2008) - vigilant monitoring vs. friendly relations between board and organization (Golden-Biddle & Rao, 1997)
Ironies	- Individual - Organization - Society	- humorous vs. serious talk - non-literal vs. literal meaning - unexpected instance highlighting human vulnerability vs. expectation - earnest serendipity vs. deceptive instrumentalism to reveal new perspectives - self vs. other - union vs. separation in theorizing - reality 1 vs. reality 2 - reality vs. desired reality - stability vs. change - claimed reality vs. actual reality (Johansson & Woodilla, 2005)
Organizational design tensions	- Individual - Organization	- centralization vs. decentralization (Siggelkow & Levinthal, 2003) - informal structure vs. formal structure (Felin & Zenger, 2014; Gulati & Puranam, 2009; Lee et al., 2017; McEvily, Soda, & Tortoriello, 2014; Nickerson & Zenger, 2004; Puranam, Alexy, & Reitzig, 2014: 20) - interdependence vs. independence (Casciaro & Piskorski, 2005; Finkelstein, 1997; Pfeffer, 1972a, 1972b) - worker productivity vs. meaningful work (Mintzberg, 1979)
Paradoxes	- Individual - Organization	- flexibility vs. efficiency (Adler, Goldoftas, & Levine, 1999; Denison, Hooijberg, & Quinn, 1995; Ghemawat & Ricart Costa, 1993; Lüscher & Lewis, 2008) - learning tensions (exploration vs. exploitation, long-term vs. short-term) (Miron-Spektor, Ingram, Keller, Smith, & Lewis, 2018) - leadership vs democracy, the paradox of the second violinist, and confrontation vs compromise (Murnighan & Conlon, 1991) - organizational change vs. member belonging (Fiol, 2002) - public service logic vs. client service logic (Jay, 2013) - performing tensions (strategic needs vs. regulatory needs, company needs vs. customer needs) (Miron-Spektor et al., 2018)
Strategic challenge	- Organization	- predictability vs. adaptability (Eisenhardt & Martin, 2000; Teece & Pisano, 1994) - value creation vs. value capture (Bowman & Ambrosini, 2000)

Table 2: Themes and levels of analyses targeted in the study of hybrid organizing

Together these scholarly works represent analyses conducted at a range of levels, from the society-, industry-, community-, inter-organizational-, organizational-, within-organization group-, to the within-organization individual-level. This wealth of research points to scholars having acted on "the observation that multiple institutional logics exist and compete for attention," realizing "the importance of examining the institutional arenas or relational contexts wherein such contests get played out" (Dacin, Goodstein, & Scott, 2002: 47). While Dacin and colleagues have written from the institutional logics perspective, this research stream lends itself to multiple streams of literature interested in perceptions of legitimacy, and what is right and wrong for specific people and organizations. For example, logics could be seen to represent a sort of paradox: "contradictory and yet interrelated elements that exist simultaneously and persist over time" (Smith & Lewis, 2011: 382), or interdependent parts which embrace seemingly opposing mindsets (Schad et al., 2016: 10, 40). Or, they can be seen as identities.

In Studies One and Two of this thesis, I build on a concept in organizational theory catalyzed by the seminal paper on organizational identity by Albert and Whetten (1985). This paper recognizes that organizations (usually) do not have a "single and sovereign identity" but that "many, if not most organizations are hybrids composed of multiple types" (Albert & Whetten, 1985: 270). They describe the characteristics of hybrid organizations in their paper. In hybrid organizations, two different ways of thinking do not *co-exist*, but rather, organizations in which each way of thinking is seen as equally central to the organization's identity:

> *"In both everyday language as well as in more formal scientific discourse, we tend to treat most organizations as if they were either one type or another, for example, church or state, profit or nonprofit. This taxonomic tradition assumes that most organizations have a single and sovereign identity. The alternative assumption is that many, if not most, organizations are hybrids composed of multiple types […]. By a hybrid we mean an organization whose identity is composed by two or more types that would not normally be expected to go together. Of such an organization we would say that it is part X and part Y, the simplest case of which is a hybrid of two types, a dual identity organization. Thus, it is not simply an organization with multiple components, but it considers itself (and others consider it) alternatively, or even simultaneously, to be two different types of organizations.*"

While tensions may occur as a potential consequence of duality (Ashforth & Reingen, 2014), in the original definition of duality tensions are not a pre-requisite for hybridity, nor are they the sole outcome of hybridity (Jay, 2013; Kraatz & Block, 2008). This is important because by using a definition which does not necessitate tension, the full potential range of outcomes resulting from duality can be explored.

Research in this stream of literature uses the lens of *organizational duality* or *identity duality within organizations* to better understand how organizations move between one perspective, self-concept and related activities to another perspective, self-concept, and related activities (Foreman & Whetten, 2002; Pratt & Rafaeli, 1997; Smith & Besharov, 2017).

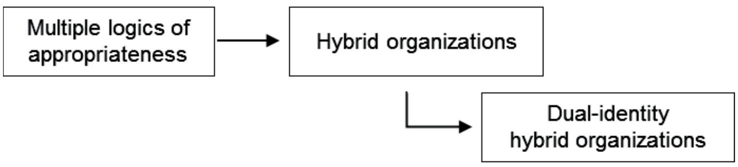


Figure 5: Simplified categorization of a dual-identity hybrid organization

A note on terms. While this thesis will tend to use the terms hybridity and duality interchangeably, it is important to note that not all studies on hybrid organizations refer to dual-identity hybrid organizations, as indicated in Figure 5. Hybrid-identity or dual-identity organizations can be classified into the broader category of hybrid organizations—organizations which jointly embrace dual "identities" (Albert & Whetten, 1985; Glynn, 2000), "organizational forms" (Tracey et al., 2011), "logics"

(Battilana & Dorado, 2010; Pache & Santos, 2013), or other core organizational elements that would not normally be expected to go together (Battilana et al., 2017: 128).

There has been increasing cross-fertilization of concepts and ideas between these literature streams, suggesting that these literatures may soon converge (Battilana et al., 2017; Besharov & Smith, 2014; Hargrave & Van de Ven, 2017; Schad et al., 2016; see also: Smith & Lewis, 2011: 383). A summary of how paradox researchers conceptualize the exhaustive types of tensions present in organizations is presented the following table (Table 3).

Category	Related tensions
Learning	Adaptation: moving from past and current capabilities to improved, future ones
Organizing	Exploration vs. exploitation, structure vs. flexibility; balancing managerial demands
Performing	Managing stakeholder interests in pluralistic environments, e.g., (financial) shareholder interests vs. (social/ecological) stakeholder interests
Belonging	Distinction vs. similarity, self vs. other
Learning & Belonging	Stability (current identity and purpose) vs. change (adaptation and evolution)
Performing & Belonging	Whole vs. parts; managing internal plurality of identities as linked to role and social identity
Performing & Organizing	Managing pluralistic stakeholder interests across the organizational boundary, e.g., employee vs. customer demands, means vs. ends
Learning & Performing	Stability (maintain current capabilities) vs. change (developing improved, future capabilities)
Belonging & Organizing	Whole vs. parts; managing internal plurality of identities as linked to organizational structure

Table 3: Categorization of organizational tensions (adapted from Smith & Lewis, 2011: 382)

Yet, although the literature increasingly suggests that mindsets, identities and logics are "related constructs" (Battilana & Lee, 2014: 402), and although the literature is increasingly recognizing that organizations can be equally being comprised of two (or more) "types" or two (or more) equally influential "identities," it is important to note that these terms belie distinct philosophical assumptions and methodological approaches. I describe a few of the ways these philosophical assumptions converge and diverge in the following section.

Philosophical perspectives on hybrid logics of appropriateness

Dualistic organizational identities emerge within a single organizational identity through a number of interrelated mechanisms.[13] One group of scholars believes this occurs through culture and norms at the level of society or industry, in some cases, stripping the individual and organization of all agency (Kraatz & Block, 2008). This institutional and neo-institutional perspective is built on sociological foundations, one branch of which argues that organizations, as actors in society, comply to norms perpetuated by cultural authorities in order to attract physical or intangible resources (e.g., funds, legitimacy, or, the right to operate) (DiMaggio & Powell, 1983; Greenwood & Hinings, 1996; Thornton & Ocasio, 1999). Depending on the branch of institutional theory, organizations either actively strive to conform in order to gain influence from key stakeholders (Pfeffer & Salancik, 1978), or subconsciously adapt

[13] The term dualistic refers to the dual nature of the organizational identity.

to norms because these norms decide which behaviors are considered appropriate or legitimate (Meyer & Rowan, 1977; Pedersen & Dobbin, 2006).

Others focus their analysis using a bottom-up approach, taking a cognitive perspective that views individual agents as carriers of values, believes, motivations; identities. This thesis takes this latter view that individuals establish, populate and shape organizations, acting as the means through which organizations "respond to their environments by interpreting and acting on issues" (Daft & Weick, 1984; Dutton & Dukerich, 1991: 518), offering pragmatic takeaways for the reader and manager.

This is not to say that organizations do not experience pressures from their environment. In fact, this thesis recognizes that hybrid organizing is more likely to be found in pluralistic environments, where viewpoints and stomping grounds overlap, and multiple *external* demands claim an organization's attention (Friedland & Alford, 1991; Greenwood, Díaz, Li, & Lorente, 2010; Heimer, 1999; Kostova & Zaheer, 1999). But scholars which adopt these viewpoints argue that contextual factors, which they call a *pluralistic* or *institutionally complex* environments, are responsible for why and how organizations move towards hybridity (Kostova & Zaheer, 1999; Kraatz & Block, 2008; McPherson & Sauder, 2013; Toubiana & Zietsma, 2017), and this perspective tends to overlook the possibility for cognitive heterogeneity among managers, or managerial agency to interpret or choose to diverge from the demands of the environment (for exceptions, see: Denis, Lamothe, & Langley, 2001; Heimer, 1999; Oliver, 1991; Reay & Hinings, 2009).[14]

This thesis takes the view that norms (and thus, hybridity) can also emerge as a result of multiple viewpoints emanating from *within* the organization (Ashforth & Reingen, 2014; Battilana & Dorado, 2010; Powell & Baker, 2017). The internal source from which the multiple viewpoints emanate may come from founders or co-founders (Fauchart & Gruber, 2011; Powell & Baker, 2017), managers (Besharov, 2014; Gotsi et al., 2010), two or more groups of individuals within the organization (e.g., Battilana & Dorado, 2010; Glynn, 2000), or may come from single individuals or a single group of individuals who have integrated multiple perspectives on what is appropriate within their own mindset. This integrated perspective has been referred to as a hybrid social identity (Fauchart & Gruber, 2011; Pan, Gruber, & Binder, forthcoming) or paradox mindsets (Miron-Spektor et al., 2018). The literature refers to

[14] Managerial mindsets are further investigated in Chapter 5, referring to a cognitive construct approached in the literature from a variety of angles in recent decades (Walsh, 1995). For example, mindsets have been referred to in the context of belief structures (Walsh, 1988; Walsh, Henderson, & Deighton, 1988), belief systems (Friedland & Alford, 1991; Ocasio, 1997; Suddaby & Greenwood, 2005), cognitive frames (Kaplan, 2008), institutional identities (Lok, 2010), social or role identities (Brewer & Gardner, 1996; Hogg, Terry, & White, 1995), frames of reference (Deshpandé, 1986; Dunn & Ginsberg, 1986) managerial lenses (Miller, 1993), and worldviews (Mason, 1969).

these organizations in which all members jointly hold dual perspectives as ideographic hybrids (Albert & Whetten, 1985).

But what this bottom-up, inside-out approach espouses is that individual actors are *required* to recognize and maintain beliefs about what is important and unimportant, appropriate and irrelevant (Alvesson & Willmott, 2002; Zilber, 2002). Through their sensemaking about "who I am" and "who we are," they can develop strategy, and practices (Gehman, Trevino, & Garud, 2013) to transform prevailing mindsets (Binder, 2007; Fiol, 2002; Foreman & Whetten, 2002; Jay, 2013; Lok, 2010), shape organizations, and potentially pave the way for industry-level change (Battilana, Leca, & Boxenbaum, 2009; Greenwood & Suddaby, 2006; Haveman & Rao, 2006; Jones et al., 2012; Lounsbury, Ventresca, & Hirsch, 2003). Consequently, this has implications for managerial strategies in hybrid settings (Pache & Santos, 2010, 2013).

This identity-driven perspective is built on psychological foundations and views individuals as the actors in society, collaborating and organizing through their agency in order to fulfill multiple facets of their identity (Hogg & Terry, 2014; Tajfel & Turner, 1979). One advantage of this perspective is that it offers a cognitive explanation for "how much institutional values and assumptions get imprinted at the individual level" (Almandoz, 2012: 1401). Unlike in the top-down theoretical lens which attributes changes in perspectives to field logic, cultures, industry actors, and elites, the identity driven perspective tends to identify past experiences and cognitive differences as the *mechanism* in which actors develop an idea of what is appropriate is in their own mind, defined, as is the *actor* assigning the label of appropriateness (and to a certain extent, legitimacy), e.g., what may be appropriate in my view may not be appropriate in your view. Because of the individual level variance in the interpretation of an identity framework, there is potential disagreement—or at least confusion—on the correct course of action to take within organizations.

Therefore, this thesis would assume that there are organizations where two or more conflicting and interdependent perspectives exists, which may, under certain conditions, *benefit* from active and responsive management, whose role is to make sense—to determine what makes sense – and make decisions that will drive the organization forward (Pratt & Foreman, 2000). Thus, there is a critical role for decision-makers—striving to promote functional, sustainable organizations—to play (Battilana & Lee, 2014: 404; Jay, 2013: 140; Smith & Lewis, 2011: 381), whether this means finding appropriate strategic managerial responses (Oliver, 1991; Pache & Santos, 2013; Smith & Besharov, 2017), or coming to terms with what hybridity-related conflicts and tensions mean for the organization (Hargrave & Van de Ven, 2017; Smith & Lewis, 2011). As Albert, Ashforth and Dutton (2000: 14) write, "the beauty of the identity and identification concepts is that they provide a way of accounting for the agency of human action within an organizational framework."

Moreover, the identification process explains how individuals might reconcile choices which seem to oppose each other. For example, social identity theory offers an elegant challenge to the concepts of self-interest found in agency, transaction cost theory and modern economics (Eisenhardt, 1989; Friedman, 1970; Williamson, 1979) by redefining the conception of the self. As Brewer (1991: 476) explains, "when the definition of the self changes, the meaning of self-interest and self-serving motivations also changes accordingly."[15]

A second advantage of this perspective is that individuals develop a fairly enduring sense of what is appropriate behavior for themselves and for others over their life, which they can carry across organizational and industry boundaries (Almandoz, 2012; Shih, Pittinsky, & Ambady, 1999). Individuals and individually-driven action thus are rich sources of values, interests, goals, identities and related constructs within organizations. Research in this area is just starting to empirically "link individual actions and the influence of organizational subunits to the implementation of strategic initiatives" (Bercovitz & Feldman, 2008: 70), however there is potential for more of this.

This thesis takes the emerging view that the activities *external* to the organizational boundary and the activities *internal* to the organization can be essentially viewed as mirror images, interacting in an iterative process of influence, from society to the organization to the self to the organization back to society[16] (Dutton, Dukerich, & Harquail, 1994; Tajfel & Turner, 1979; Weick, Sutcliffe, & Obstfeld, 2005). Combining logics can be seen either as a result of conflicting external demands (from stakeholders), or conflicting internal demands and identity claims (which are in turn prompted by external perspectives, lead to internally-driven responses, and begin the cycle once again).

A recent paper, by Jay (2013:140), portrays these internal and external activities as occurring in parallel, prompting responses that change organizational practices and identity. He distinguishes between work which terms these responses as "strategic responses" (Oliver, 1991; Pache & Santos, 2010), and tends to depict the organizational as reacting to the external environment, and "managerial responses," referring to work which sees organizations as driven by internal needs and desires (Battilana & Dorado, 2010; Kraatz & Block, 2010; Pratt & Foreman, 2000). However, the responses themselves bear some similarity. The strategic set of responses include compromise, avoidance (decoupling), defiance, manipulation, while the managerial responses include deletion,

[15] For example, seeing yourself as a member of your community would likely influence you to act as a steward of your community (Bacq & Eddleston, 2017; Davis, Schoorman, & Donaldson, 1997; Haugh, 2007; Marti, Courpasson, & Barbosa, 2013). Maslow (1943) and Argyris (1973) refer to the fulfillment of these social goals as higher-order needs called self-actualization. Not quite selfless, the utility or well-being of a community-oriented entrepreneur is simply tied to the well-being of her community.
[16] This thesis extends Pedersen and Dobbin's (2006: 903) depiction of interaction between the levels of society and the organization one level down, to the individual.

compartmentalization, aggregation, synthesis, hiring and socialization into new logic.

As Stryker (2008) writes,

"We enter now a bridging arena that provides persons like myself special satisfaction given the past intellectual distance, sometimes disdain and dismissal, that marked the attitudes of many interested in institutional and organizational sociology towards a social psychology inspired by Mead."

Thus, hybrid organizations—defined as organizations driven by the joint adoption of dual "identities" (Albert & Whetten, 1985; Glynn, 2000), "organizational forms" (Tracey et al., 2011), "logics" (Battilana & Dorado, 2010; Pache & Santos, 2013), or other core organizational elements that would not normally be expected to go together (Battilana, Besharov, & Mitzinneck, 2017)—occur as a result of both, internal (e.g., stakeholder-based) and external (e.g., institutional) pressures (Fosfuri et al., 2016; Pratt, 2016). By taking this view, the terms and theoretical grounding of this thesis thus act as pragmatic tools to explore "the possibility of an emergent organizational whole that is capable of accommodating, encompassing, and governing its various distinct parts" (Kraatz & Block, 2008: 48). Figure 6 represents the theoretical framework of this thesis.

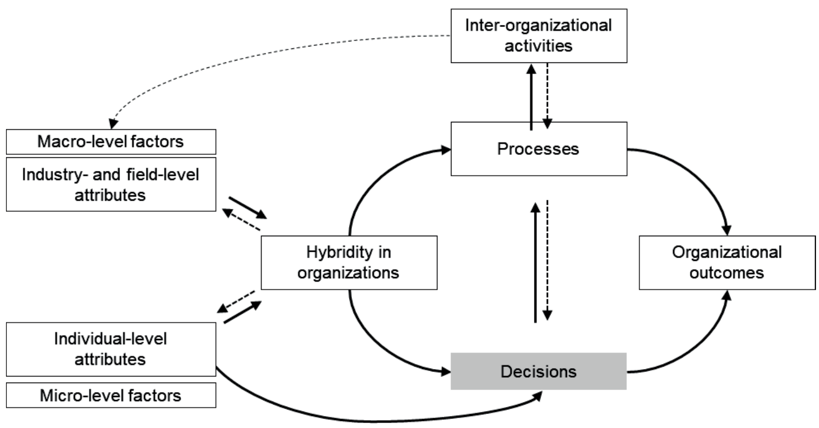


Figure 6: Theoretical framework of hybridity emergence, dynamics and organizational consequences (see also: Figure 8)

Social-commercial hybrid organizations

Introduction to social and commercial identities

One hybrid organization which has become increasingly prominent in scholarly research and practice, is the hybrid organization combining a *social welfare* mindset with a *commercial* mindset (Battilana & Lee, 2014; Mongelli & Rullani, 2017). Also referred to as a *social mission- or mission-driven organization,* these organizations are comprised of two organizational mindsets not usually expected to go together; ones which embrace both a social welfare mission, and commercial mission. See Figure 7 for a summary of the theoretical context of this thesis.

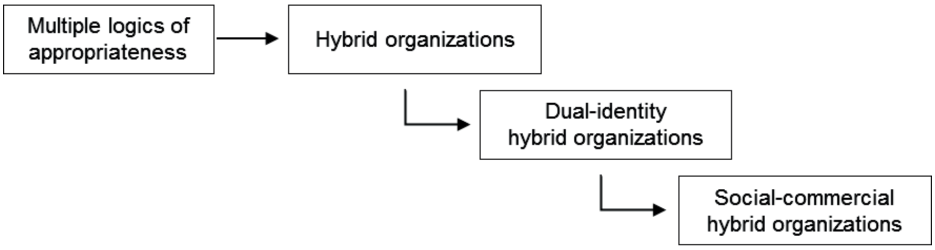


Figure 7: Simplified categorization of a social-commercial organization

On one hand, a social-commercial hybrid organization contains a social welfare-oriented organization, associated with charitable work in the social sector. Table 4 provides a list of social sectors. As shown, this mindset mainly encompasses social (Salamon & Anheier, 1996) and environmental constructs (Rennings, 2000), as well as psychological and relational constructs such as selflessness, acting for the benefit of others (in the community or the world), and serving those disadvantaged and suffering from issues such as poverty, violence, illness, etc. (Miller, Grimes, McMullen, & Vogus, 2012). This thesis will use the term *social* to refer to this concept, pertaining to the "welfare of human beings as members of society," (Merriam-Webster.com, 2018b), including, by extension, environmental and ecological concerns (Austin et al., 2006).

Social sector	Elaboration
Business and professional associations	Unions and other business and professional associations
Culture and recreation	Culture, Arts, Sports, Other Recreation and Social Clubs
Economic and social development	Community development, fair trade, ethical clothing, agriculture, employment and training
Education	Primary, Secondary, Higher, Other
Financial inclusion	Financial inclusion and access to finance
Environment	Organic, cleantech, animal protection
Healthcare	Hospitals, Rehabilitation, Nursing Homes, Mental Health/Crisis Intervention
Housing	N/A
International promotion of intercultural understanding	International promotion of intercultural understanding between peoples of different countries and backgrounds, provision of relief during emergencies (referring to international sectors of work, not the geographic focus of other sectors)
Law, advocacy and politics	N/A
Philanthropic intermediaries and voluntarism promotion	N/A
Religion and spirituality	N/A
Research	N/A
Other social services	Emergency, Relief, Income Support/Maintenance

Table 4: List and description of social sectors[17]

In Fauchart and Gruber's (2011: 942) study of new venture founders, they demonstrated how these founders introduced a (pro)social

[17] Adapted from Salamon & Anheier (1996) and The European Venture Philanthropy Association (2016).

organizational identity to their new organization. Moreover, they showed how this social motivation could be directed to both known and unknown others, as shown in Table 6.

On the other hand, the social-commercial hybrid organization is also comprised of a commercial organizational identity. As Pache and Santos (2013: 980) write,

> "*Embedded in a larger societal market logic (Friedland & Alford, 1991), the commercial logic is structured around a clear goal: selling products and services on the market to produce an economic surplus that can ultimately be legitimately appropriated by owners. While it is widely recognized that commercial organizations also serve social needs, the provision of these services is conceived as a means to achieve the profit appropriation goal. The commercial logic rewards efficiency and control (D'Aunno et al., 2000), which is best achieved through for-profit entities that grant shareholders control over the organizational goals and operations, and channel human resources and capital to areas of high economic return*."

Table 5 summarizes their depiction of social and commercial identities, which they refer to as logics. Another scholar described it as being "permeated by economic assumptions and goals," "profit-maximizing objectives and a self-interested, individualistic, and arm's-length ethos" (Almandoz, 2012: 1382; Galaskiewicz & Barringer, 2012; Marglin, 2008).

Characteristics	**Social Welfare Logic**	**Commercial Logic**
Goal	Make products and/or services available to address local social needs.	Sell goods and/or services on the market to generate economic surplus that can be legitimately appropriated by owners.
Organizational form	The nonprofit form (association) is legitimate because of its ownership structure giving power to people who adhere to a social mission. The non-redistribution constraint ensures a real focus on the social goal.	The for-profit form is legitimate because its ownership structure allows it to channel human resources and capital to areas of higher economic return.
Governance mechanism	Democratic control, which is, by law, constitutive of the association status, is the appropriate way to monitor strategy and operations, allowing organizations to consider local social needs.	Hierarchical control is the appropriate way to monitor strategy and operations in a way that ensures consistency of products and services and efficient allocation of resources.
Professional legitimacy	Professional legitimacy is driven by contribution to the social mission.	Professional legitimacy is driven by technical and managerial expertise.

Table 5: Social and commercial identities from an institutional logics perspective, as adapted from Pache and Santos (2013: 980)

Fauchart and Gruber (2011: 942) demonstrate how this commercial organizational identity can also be driven by founders of a new organization (see column 3 in Table 6).

	Social welfare focus (unknown others)	Social welfare focus (known others)	Commercial focus (known self)
Identity dimensions			
Basic social motivation (as firm founder)	Advancing a cause Firm creation supports the political vision of the individual and the ambition to advance a particular cause (social, environmental, etc.)	Support and be supported by a community firm creation is indiscernible from the individual's involvement in a community (firm both supports and is supported by the community because of mutually beneficial relationships)	Self-interest firm creation enables the individual to pursue his self-interest (making money, creating personal wealth, building a business that will be inherited by the next generation)
Basis of self-evaluation (as firm founder)	Responsible behavior Responsibility as the basis for self-evaluation: contributing to a better world is perceived as critical (truly responsible people do act)	Authenticity Authenticity as the basis for self-evaluation: bringing something truly useful to the community is perceived as critical (based on intimate knowledge of and care for the needs of fellow community members)	Professionalism Business-related competences as the basis for self-evaluation: being professional is perceived as critical
Frame of reference/ relevant others (as firm founder)	Society - Society as the primary frame of reference - Demonstrating that alternative social practices are feasible and leading by example seen as core to the entrepreneurial process	Community benefiting from product - Social group as the primary frame of reference - Offering products (services) that support the community seen as core to the entrepreneurial process	Competitors - Competing firms as the primary frame of reference - Being distinct from other firms seen as core to the entrepreneurial process
Strategic implications of identity dimensions			
Market segment(s) served	- Produce for those consumers where they expect the greatest social impact; ultimately society is their audience - May serve additional segments, if this allows the firm to leverage its socio-political mission	- "Our customers are like us" (the criterion of similarity drives the choice of market served) - Stick to initial segment addressed because it is the only place perceived as legitimate	- Produce for the average consumer or for quickly growing segments (the criteria of likelihood and value drive the choice of market served) - Tend to serve additional segments over time/extend applications to new segments to achieve firm growth
Customer needs addressed	- Tend to address new social practices (e.g., new modes of consumption or production) - Derived from what the founder would like the world to become	- Tend to address novel kinds of customer needs - Derived from own needs	- Tend to address known dimensions of merit (e.g., safety, ease-of-use) - Derived from market analysis
Capabilities and resources deployed	- Focus on socially responsible production methods - Sourcing from suppliers that match strict criteria (according to mission) - Demonstration of firm capabilities to diffuse the exemplary model	- Tend to use highly individualized and artisanal production methods (products often considered works of art) - Reliance on personal capabilities - Reluctance to use intellectual property rights protection within community/would run counter to sharing values	- Focus on cost-effective and mass production methods (which are necessary to reach profitability) - International sourcing of production capabilities (if needed) - Value intellectual property rights protection/help in achieving business goals

Table 6: Social and commercial identities from a social identity perspective, as adapted from Fauchart and Gruber (2011: 942, 947)

Scholarly research on social and commercial hybrid organizations

Organizations with social and commercial components have existed for centuries, in agriculture (Cook, 1995), education (Albert & Whetten, 1985; Bercovitz & Feldman, 2008; Kraatz & Block, 2008; Murray, 2010; Thornton & Ocasio, 1999), the arts and creative industries (Eikhof & Haunschild, 2007; Glynn, 2000), finance (Almandoz, 2012; Battilana & Dorado, 2010; Gotsi et al., 2010; Marquis & Lounsbury, 2007), energy (York et al., 2016), religious institutions (Yue et al., 2018) and healthcare (Reay & Hinings, 2009; Shore, 1998). However, organizations with formidable elements of both identities appear to have increased over the last decades (Battilana & Lee, 2014), with the aid of influential business and philanthropic institutions (Milway & Goulay, 2013). The research community has followed along, researching the business-market-fiscal-economic-commercial organizational component as it is juxtaposed against the social component of hybridity as illustrated in academic science, creativity, community, authenticity, ecology, patient-health, social welfare, social relationships, among other things (see Table 7 below for a summary).

Theme X	Theme Y	Level of analysis	Empirical study
Academic science	**Commercial science**	- Intergroup	Murray, 2010
Artistic excellence	**Fiscal responsibility**	- Intergroup (org-level)	Glynn, 2000
Art	**Industry**	- Organizational process	Dalpiaz et al., 2016
Artistic logic of practice	**Economic logic of practice**	- Organizational practice	Eikhof & Haunschild, 2007
Creative passion	**Budgetary pressures**	- Individual experience of tension - Organizational practice	Gotsi et al., 2010
Community	**Finance**	- Organizational - Industry	Almandoz, 2012
Community	**Geographic scale**	- Community - Industry	Marquis & Lounsbury, 2007
Authenticity	**Market legitimacy/scale**	- Organizational process	Lee et al., 2017
Ecologizing logics	**Economizing logics**	- Field	York et al., 2016
Environmental logics	**Market logics**	- Narrative << Industry	Mars & Lounsbury, 2009
Patient service	**Financial costs**	- Industry	Shore, 1998
Socially cooperative choice	**Socially defective choice**	- Decision (by individual)	Weber & Messick, 2006
Social development	**Commercial banking**	- Organizational process	Battilana & Dorado, 2010
Social mission	**Business mission**	- Organizational process	Smith & Besharov, 2017
Social welfare	**Commerce**	- Organizational process	Pache & Santos, 2013
Social idealism	**Pragmatism (i.e., business concerns)**	- Interpersonal - Intergroup (org-level)	Ashforth & Reingen, 2014
Friendly relations between board and organization	**Vigilant monitoring and control**	- Organizational process	Golden-Biddle & Rao, 1997
Public service logic	**Client service logic**	- Organizational process	Jay, 2013
Social	**Commercial**	- Organizational process	Ramus, Vaccaro, & Brusoni, 2017
Varied	**Varied**	- Individual experience of tension - Individual adoption of hybrid mindset	Miron-Spektor et al., 2018

Table 7: Examples of themes and levels of analyses targeted in the study of social-commercial hybrids

This stream of research has advanced enormously, allowing us to better understand how pressures *internal* to the organization and pressures *external* to the organization shape organizational identity, organizational processes and organizational outcomes (i.e., strategic decisions and organizational performance).

As the following figure illustrates (Figure 8), researchers have studied the following relationships as related to hybrids and social-commercial hybrids:

A. How *external* factors lead to organizational hybridity (macro-level processes)
(e.g., environmental characteristics, regulatory pressures, market response, market- or industry-level logics, cultural influences, task characteristics)

B. How *inter-organizational relationships* shape field- or industry-level hybridity (macro-level processes)

C. How *internal* factors lead to and/or maintain different types of organizational hybridity (micro-level processes)
(i.e., individual-level behavior led by individuals with various characteristic, such as, prior experiences, role identity, social identity, values, emotional attachment, and cognition)

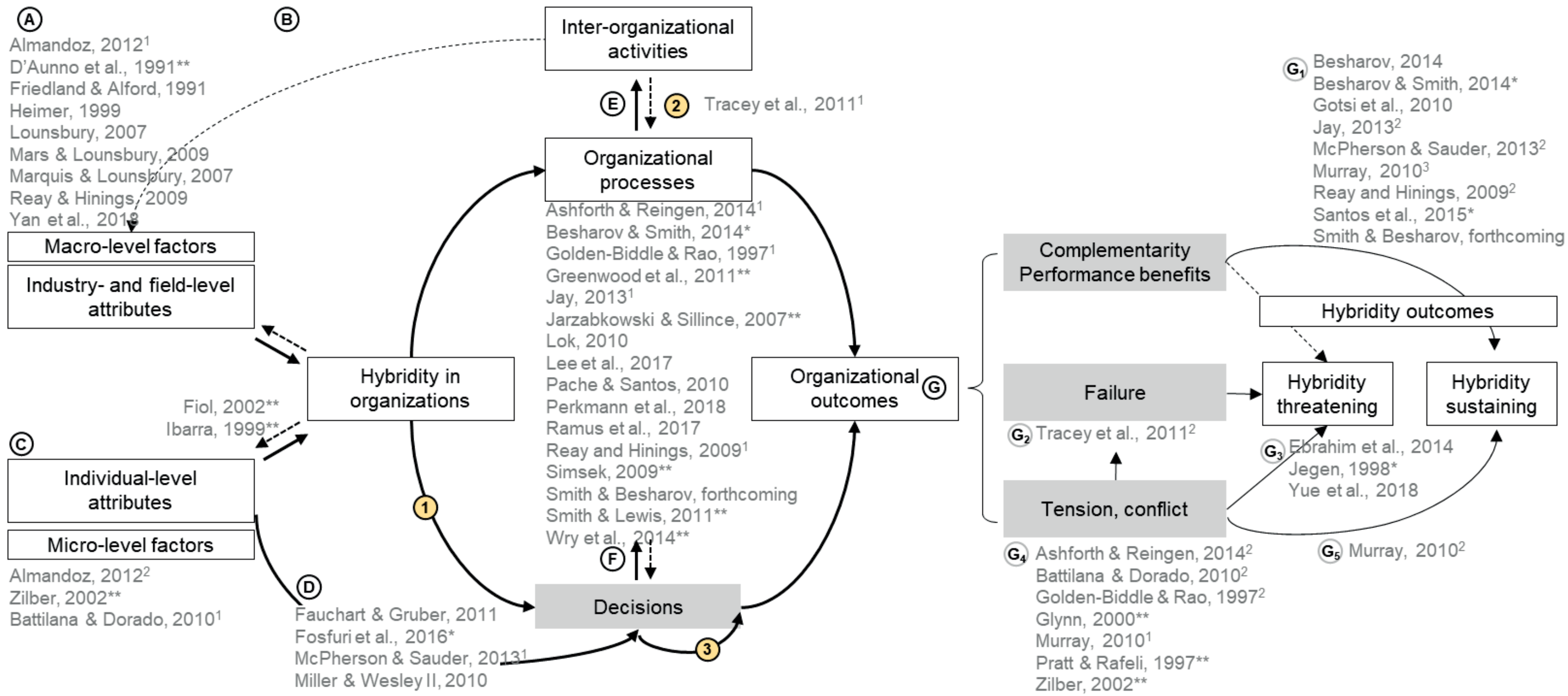
D. How individuals influence decisions within hybrid organizations (micro-level processes)

E. How inter-organizational relationships shape organizational-level hybridity

F. The relationship between hybridity, managerial decisions, organizational processes and organizational outcomes[18]

G. Effects of organizational hybridity on organizational performance and maintenance of hybridity

[18] Specifically: how (organizational hybridity and) managerial decisions shape organizational processes and hybridity outcomes (solid line) and how (organizational hybridity and) organizational processes shape organizational decisions and hybridity outcomes (dotted line)



Yellow numbers indicate number of studies in this thesis (1=Chapter 3, 2=Chapter 4; 3=Chapter 5)
** = conceptual study, ** = study on another type of hybrid [not a social-commercial hybrid]*
^{2,3} = number of times citation appears in the diagram (if >1)

Figure 8: Research on social-commercial hybridity in organizations (see also: Table 8)

Hybridity and macro-level factors: industry and field-level attributes. Research on social-commercial hybrid organizations began by looking at the external and internal factors that affect hybridity, originating primarily from the sociology and psychology fields respectively. Sociological perspectives attribute the majority of the influence to institutions and field logics (see column 1 in Table 8). In the case that these scholars mentioned individual or organizational constructs, little agency is ascribed to these constructs; the focus instead being on how these organizational constructs occur as a consequence of external forces. For example, when writing about student activists combining market logics with ecological logics to support their eco-entrepreneurship, Mars and Lounsbury (2009:6) write,

> *"To provoke further exploration of the convergence (or not) of activist and market logics in fields such as the environment, we report on some cursory observations and discussions with student eco-entrepreneurs at a large public research university. Our aim is to provide some texture to the eco-entrepreneurship phenomenon to seed and encourage further scholarly inquiry."*

However, in recent years, more scholars have taken a multi-level approach (e.g., Almandoz, 2012; Tracey et al., 2011), and increasingly, shown evidence that organizations can react to turbulence and complexity of industry-level logics (e.g., Oliver, 1991; Ramus et al., 2017), and co-create relevant identities within organizations, further facilitating development and adaptation in the wider industry (Haveman & Rao, 2006; Mair & Hehenberger, 2014; Rao, Monin, & Durand, 2003). For example, Zilber (2002: 251) states,

> *"Institutions–materially and symbolically alike–must be continuously constructed and reconstructed by social actors. It is the continuous enactment of practices and meanings by organization members that constitutes and maintains institutions, including their appearance and experience as taken-for-granted."*

It is a framing issue, as Lok (2010: 1308) writes,

> *"Rather than assuming that the identity targets of institutional logics are relatively passive consumers of ready-made institutional templates, I treat the extent to which they are active or passive in their identity work as an empirical question based on the recognition that this will vary depending on the institutional circumstances in which they find themselves* (Alvesson & Willmott, 2002; Watson, 2008)*."*

Tracey et al., (2011) are more explicit about the agency of actors to create hybrid organizational forms, detailing activities at the micro-level (i.e., opportunity recognition), the meso-level (i.e., organizational design), and the macro-level (i.e., legitimization).

(2) Hybridity and micro-level factors: individual-level attributes, actions and organizational decision-making. The area of greatest growth in the study of social-commercial hybrids in the recent decades relates to micro-level and organizational-level processes of hybridity (see column 2 and 3 in the following table). This research falls in two broad sub-groups. In the first sub-group, scholars examine how individual and team characteristics affect hybridity. As mentioned, Almandoz (2012) looks at how "team embeddedness" in financial and/or community logics impact bank founding rates in different environmental conditions; scholars looked at how individual and subgroup characteristics within an organization lead to conflict, and then efforts to manage this conflict (Ashforth & Reingen, 2014; Battilana & Dorado (2010).

Entrepreneurship scholars examine how the social identity of founders, in their pure or hybrid forms, affect organizational (venture) strategies (Powell & Baker, 2017; Fauchart & Gruber, 2011). In Powell and Baker's (2017) study of commercial ventures which adopt social missions alongside their business activity, organizational identity shifts are studied at the individual- and venture-level. In addition to adopting a commercial mindset in their endeavor as venture founders, the individuals in this study had three types of social mindsets, differing by beneficiary: the *known*-other mindset, the *unknown*-other mindset—which the founder identity literature respectively terms as "communitarian" or "missionary" founder identities—and a *general*-other-oriented hybrid mindset combining the two. Building on Fauchart and Gruber's (2011) work, this study reveals a finer grained window into the concept of "social," by orienting the "social" identity towards a particular type of beneficiary. The authors demonstrate how intra-organizational interaction leads to founder identity shifts, which then lead to an organizational identity shift at the level of the emerging organization.

The second sub-group of studies on micro-level processes in social-commercial hybrids relates specifically to organizational decision-making. Several studies have been conducted on how hybridity impacts processes, trade-offs and strategic decisions (e.g., Fauchart & Gruber, 2011; Golden-Biddle & Rao, 1997; Lee et al., 2017). However, the link between this stream of research, organizational processes *and* organizational performance outcomes, is less developed (linking decisions to G in Figure 8). Possible reasons to explain the lack of development are related to the concept of individual agency and are elaborated at the end of this section.

	(1) Macro perspective	(2) Micro perspective	(3) Organizational level	(4) Organizational level
Theme	**A. How external factors lead to organizational hybridity**	**C. How internal factors lead to and/or maintain different types of organizational hybridity**	**E. How inter-organizational relationships shape organizational outcomes within organizations**	**G. Effects of organizational hybridity on organizational performance and maintenance of hybridity**
Past studies	Almandoz, 2012[1] Friedland & Alford, 1991 Heimer, 1999 Lounsbury, 2007 Mars & Lounsbury, 2009 Marquis & Lounsbury, 2007 Reay & Hinings, 2009 Yan et al., 2018	Almandoz, 2012[2] Battilana & Dorado, 2010[1]	Tracey et al., 2011[1]	**G$_1$. Hybridity-sustaining from complementarities** Besharov, 2014 Besharov & Smith, 2014* Gotsi et al., 2010 Jay, 2013[2] McPherson & Sauder, 2013[2] Murray, 2010[3] Santos et al., 2015* Smith & Besharov, 2017 **G$_2$. Failure** Tracey et al., 2011[2] **G$_3$. Hybridity-threatening from tension** Ebrahim et al., 2014 Jegen, 1998* Yue et al., 2018 **G$_4$. Tension, conflict** Ashforth & Reingen, 2014[2] Battilana & Dorado, 2010[2] Golden-Biddle & Rao, 1997[2] Glynn, 2000** Murray, 2010[1] Pratt & Rafeli, 1997** Zilber, 2002** **G$_5$. Hybridity-sustaining from tension** Murray, 2010[2]
Theme	**B. How inter-organizational relationships shape field- or industry-level hybridity**	**D. How individuals influence decisions within hybrid organizations**	**F. The relationship between hybridity, managerial decisions, organizational processes and organizational outcomes**	
Past studies	Haveman & Rao, 2006 Mair & Hehenberger, 2014 Rao et al., 2003	Fauchart & Gruber, 2011 Fosfuri et al., 2016* McPherson & Sauder, 2013[1] Miller & Wesley II, 2010	Ashforth & Reingen, 2014[1] Besharov & Smith, 2014* Golden-Biddle & Rao, 1997[1] Jay, 2013[1] Lok, 2010 Lee et al., 2017 Pache & Santos, 2010 Perkmann et al., 2018 Ramus et al., 2017 Reay and Hinings (2009) Smith & Besharov, 2017	
Noteworthy studies from other hybrid contexts	D'Aunno et al., 1991 DiMaggio, 1997 Haveman & Rao, 2006 Heimer, 1999 Friedland & Alford, 1991 Oliver, 1991*	Fiol, 2002 Furnari, 2014 Ibarra, 1999 Miron-Spektor et al., 2018 Oliver, 1991* Plowman et al., 2007 Zilber, 2002	Besharov & Smith, 2014 Greenwood et al., 2011 Jarzabkowski & Sillince, 2007 Simsek, 2009 Smith & Lewis, 2011 Wry et al., 2014	McPherson & Sauder (2013) [1, 2, 3, etc.] *Study appears in more than one column* * *Conceptual study*

Table 8: Categorization of research on social-commercial hybrids (see also Figure 8)

Hybridity and organizational processes. Before detailing the challenges to progress decision-making in hybrid organizations and organizational outcomes (linking D, F, and G in Figure 8), it is pertinent to talk about the relationship between decision-making and organizational process. Oftentimes, these processes provide the link between decisions and organizational outcomes. The literature has taken two perspectives to this question, at times viewing managerial decisions as shaping organizational processes and hybridity outcomes and at times, viewing organizational processes as shaping organizational decisions and hybridity outcomes. Combined, the literature on how organizations (and thus, their members) respond to the *challenges*—or, conversely, leverage the *benefits*—of hybridity through organizational processes has been particularly active. For example, Reay and Hinings (2009) look at how formal and informal collaboration is used by organizations to manage their day-to-day work. Reay and Hinings' (2009) multi-level work illustrates how collaboration can occur in the absence of trust, and how collaboration in contested fields can enable productive outcomes despite divergent identities. Mair and Hehenberger (2014) showed how inter-organizational events act as "temporary organizations," essentially, providing the physical and contextual space for micro-level communication, reflection and reframing to occur. These "hybrid spaces" (Perkmann, McKelvey, & Philips, 2018) provide a structure for competing groups and ideas to interact and work through disagreements, with implications not only for the organization, but also for the field. Battilana and colleagues' (2015) work equally demonstrated the importance of intra-organizational "spaces of negotiation."

Multiple scholars examined the how organizations and their members made sense of, crafted and maintained their hybrid organizational identity through internal processes and market strategies (Jay, 2013; Murray, 2010; Powell & Baker, 2017; Smets, Jarzabkowski, Burke, & Spee, 2015; Smith & Besharov, 2017; Tracey et al., 2011). Lok (2010) examined how individual actors adapted their practices and reworked their identity, navigating between the concepts of "traditional shareholder value maximization" and "enlightened shareholder value maximization." Within the organization, Ramus and colleagues (2017) on the other hand, demonstrate how sequences of interaction characterized by inclusiveness and/or formality (at different times) allowed organizations originally guided by a dominant mindset to evolve, and result in an organization with a "blended" mindset, i.e., a hybrid identity. Smets et al., (2015) investigate how individual behaviors, they call "balancing mechanisms" allow the individual and the organization to manage competing logics in their day-to-day work, avoiding mission drift and potential tensions from rivals.

There have been multiple studies as well on how individual managers can use language to reframe and regulate identity, as well as to achieve strategic outcomes (e.g., Besharov, 2014; Gotsi et al., 2010; Jarzabkowski & Sillince, 2007; McPherson & Sauder, 2013; Weber & Messick, 2006). For example, Jay (2013) and Lok (2010) demonstrated the role of language, reflection and reframing in the evolution of dominant organizational-identity. Besharov (2014) and Gotsi et al. (2010) look at how managers shape organizational members' identification with the hybrid identity of the organization. For example, Besharov (2014) shows how managers with hybrid mindsets (called "pluralist managers") help members to co-adopt a social mission from their commercial starting point. Gotsi et al. (2010) show how managers use different identity regulation techniques to help creative workers integrate their exploratory (artistic) side as well as their executive (commercial-consultant) side.

Hybridity and micro-level factors: organizational processes, decisions, and outcomes – challenges to progress. As mentioned, research linking individually-driven organizational decisions to organizational outcomes is rare. This section details four possible reasons this could be the case: (1) the contested nature of many hybrid organizations; (2) the complexity of defining and measuring value (Di Domenico, Haugh, & Tracey, 2010; Donaldson & Walsh, 2015; Kroeger & Weber, 2015; Lingane & Olsen, 2004) and successful outcomes in social-commercial hybrid fields; (3) the *empirical* problem of the rarity of social-commercial hybrid successes; a result of its potentially unstable characteristics and the organizational form's short track record; and (5) the traditional assumption that market or industry logics affect all organizations (and individuals) to the same degree, in the same way.

First, because of the contested nature in many dual-identity organizations, with no dominant mindset to guide them, members within hybrid organizations sometimes struggle even to operate (Miron-Spektor et al., 2018; Reay & Hinings, 2009). Therefore, research has tended to infer success from an absence of failure (Tracey et al., 2011), i.e., sustained operations (so far). Others have inferred success as the ability to sustain operations *and* maintain hybridity (Ashforth & Reingen, 2014; Smith & Besharov, 2017)—since the development of hybridity can also collapse (Jegen, 1998; Yue et al., 2018). As illustrated, there is some complexity in defining and measuring successful outcomes in this social-commercial hybrid fields (Battilana & Lee, 2014). Next, in addition to the lack of established measures for organizational success, researchers also face the *empirical* problem of the rarity of social-commercial hybrid successes; a result of its potentially unstable characteristics and the organizational form's short track record. Finally, another (ironic) reason why perhaps there has not been as much research linking decision-making to performance outcomes in hybrid organization is due to the dominant logic in this hybrid research field itself—that of institutional logics—which traditionally has conducted analyses at the level of the field, thereby leading to the assumption that field logics will universally shape the behavior of non-rational actors (organizations and individuals), such that conflict and contestation will occur if two or more field logics act upon a single organization (Kraatz & Block, 2008).

Two important developments in this field have allowed scholars to move past the fourth condition. This includes the acknowledgement of variability in the way that logics affect organizations, and acknowledgement of the role of individuals as factors contributing to logic manifestation within organizations (Besharov & Smith, 2014). Besharov and Smith (2014) theorize about why some hybrid organizations benefit from their dual identity, while others suffer. They argue that *centrality* of organizational identities within an organization (how *core* the identity is to the functioning of the organization) impacts conflict, thus implying different levels of identity dominance within an organization, as well as their potential compartmentalization. They also theorize on factors affecting *compatibility* between individual and organizational identities, thus raising the question of how organizations can increase, attain, or maintain compatibility, and avoid debilitating conflict. This important development makes explicit prior assumptions about hybrid identity and leaves theoretical room for interpretations other than conflict (Zilber, 2002), failure (Tracey et al., 2011) and hybridity collapse (Yue et al., 2018), when hybrid organizations are studied. Instead, the intention, with this new understanding and definition of hybrid organizations, is to leave the possibility of "symbiosis and latent cooperation among distinct identity groups, even in organizations where conflict and dissensus [sic] are very real and perhaps much more clearly evident" (Kraatz & Block, 2008: 48).

Albert and Whetten (1985) mentioned related concepts in their introduction of distinct forms of hybrid organizations. In one form, the *holographic* form, "each internal unit exhibits the properties of the organization as a whole," suggesting that both parts of the organization's duality are central to the organization's functioning, hence why each internal unit exhibits these properties. There is an implicit suggestion that the holographic form also indicates high compatibility, mentioning the idea of conflict and "blending" in the same phrase. They take inspiration from Ouchi (1981) suggesting that "different, and to some extent conflicting, management styles are blended together and diffused evenly throughout the entire organization" (Albert & Whetten, 1985: 271).

The other form, the *ideographic* or specialized form, involves units that each exhibit only one identity (1985: 271). The ideographic form suggests that both specialized "parts" are equally central to the functioning of the organization (hence the designation as a hybrid organization), but rather than peaceful, mutual coexistence, Albert and Whetten seem to suggest weak compatibility: "the conflict in an ideographic organization is more fundamental. It is a struggle, not simply over alternative budget proposals, but over the very soul of the institution" (Albert & Whetten, 1985: 272).

That being said, even though past research has suffered from the fourth condition, and tended to focus on ideographic forms—in which organizational sub-groups hold different views which lead to conflict (e.g., Ashforth & Reingen, 2014; Battilana & Dorado, 2010; Glynn, 2000)—an increasing number of papers have been able to study *holographic* hybrid organizations by adopting alternative theoretical lenses (e.g., identity lenses), discovering insights on how decisions of active agents lead to organizational outcomes, such as sustainability or survival (e.g., Golden-Biddle & Rao, 1997; Smith & Besharov, 2017).

Hybridity and micro-level factors: organizational processes, decisions, and outcomes – current state of research. In this section we cover research related to hybrid strategy, referring to "a pattern in a stream of decisions," as per Mintzberg and Waters (1985: 257), related processes, decisions and outcomes. Fauchart and Gruber (2011) adopt a social identity lens to understand the link between founder identity and venture decisions (i.e., decisions of emerging organizations). In their sample, founders with a *known-other* social identity versus founders with an *unknown-other* social identity implement significantly different strategic decisions.

Other studies provide additional evidence of decision-makers' ability to execute strategies differing from the dominant organizational- and industry-level norm. For example, Pache and Santos (2013) refer to strategic decision-makers in their illustration of how organizations can decouple from their original institution, selectively choosing which strategies to adopt in order to navigate arenas with multiple logics. McPherson and Sauder (2013) demonstrate, similarly, that lawyers selectively craft arguments originating from different institutional homes. At times lawyers build on their home identity, while at other times, they borrow from other identities, with performance implications.

Linking organizational strategies to processes and performance is Ashforth and Reingen's (2014) study of how food cooperatives sustained hybridity. They observed how the organization's shifting locus of power and shifting locus of critiques enabled the organization to remain balanced over the medium-term. They also observed specific organizational roles which acted as conflict diffusers. For example, individual members of the cooperative acted as "lightning rods" to absorb and direct conflict, while a prevailing logic of civility was maintained by "vibe" guards, who interrupted heated conflicts during general meetings to de-escalate emotional tensions.

Likewise, in Smith and Besharov's (2017) inductive 10-year study—perhaps the longest longitudinal study of a social-commercial hybrid—they examined how the senior management of an organization with a social-business identity duality adopted "paradoxical frames," a cognitive approach which allowed them to challenge the surfacing identity tensions within their organization and stay within a duality threshold. By staying within the duality threshold, the organization successfully managed hybridity for ten years, iterating until settling on a viable hybrid identity.

By exploring *how* social-commercial identities manifest themselves within an organization (via micro- and macro-level processes), how organizations and decision-makers can attempt to manage this context, how they may shape it, and which outcomes their actions can lead to, these authors touch upon key organizational tensions—discussed in the paradox literature, but—relevant to a broader audience of organizational scholars (see Table 9 for an illustration).

Category	Example of how related tensions may be applied to the social-commercial hybrid[19]
Learning	Adaptation: moving from past and current (commercial) capabilities to dual, hybrid capabilities
Organizing	Maintaining current ability to execute along one dimension while exploring alternative domains/metrics for success
Performing	Managing stakeholder interests in pluralistic environments (e.g., (financial) shareholder interests vs. (social/ecological) stakeholder interests)
Belonging	Self vs. other
Learning & Belonging	Stability (current social identity and purpose) vs. change (commercial adaptation and evolution)
Performing & Belonging	Whole vs. parts; managing internal plurality of identities as linked to role and social identity (e.g., allowing all employees to reap benefits of the organization)
Performing & Organizing	Managing pluralistic stakeholder interests across the organizational boundary (e.g., helping employees to become customers; sharing organization benefits with customers; customers as members)
Learning & Performing	Stability (maintain current commercial capabilities) vs. change (developing or enhancing social capabilities)
Belonging & Organizing	Whole vs. parts; managing internal plurality of identities as linked to organizational structure (e.g., allowing all employees to reap benefits of the organization through governance structures such as holocracies, or enhanced feedback mechanisms)

Table 9: Example of how Smith and Lewis' (2011) paradox themes could be treated in a social-commercial hybrid setting

Scholarly research on hybridity: opportunities. Despite the wealth of past research, scholars have opened up more questions through their work, and provided an opportunity for others to contribute to empirical research on social-commercial hybrids, the focus of this thesis. First of all, there is an opportunity to move beyond the richness of this phenomenon and use it as a setting for theoretically-driven research. Scholars recently urged colleagues in this domain to move beyond research which is "largely descriptive" and "atheoretical" (Dacin, Dacin, & Tracey, 2011; Daggers & Nicholls, 2016). There are clear opportunities for research on the processes of socially-motivated organizing, its strategic advantages and drawbacks.

Next, there is an opportunity to gain more insight into the last two research streams discussed in the section above. Namely, how organizational hybridity, through organizational processes, affects organizational decision-making. This can be approached in a similar fashion to the literature above, as well as, from an individual-antecedents perspective. Put differently, there is an opportunity to investigate the *antecedents* of hybridity in organizational decision-making.

There is also an opportunity to investigate how organizational hybridity, through organizational processes, shapes organizational decisions, *and,* thereby organizational performance outcomes. Also, while processual, small-*n* case studies are highly important in this complex area of study, there is also an opportunity to conduct a broader empirical study with additional cases (Hemingway, 2005).

Finally, while portions of the above literature address the emergence of organizations with identity dualities, and the micro- and macro-processes which may lead to them (Almandoz, 2012; Battilana & Dorado, 2010; Smith & Besharov, 2017), there is scarce comparative longitudinal work on how emerging organizations develop their hybrid form. This, despite the fact that question of organizational form emergence intrigued Stinchcombe (1965), Hannan and Freeman (1977) and even, Plato (2007). Research has shown that founder imprinting plays a role (Ellis, Aharonson,

[19] Note: In these illustrations the terms "social" or "commercial" are interchangeable.

Drori, & Shapira, 2016; Fauchart & Gruber, 2011; Marquis & Tilcsik, 2013), however, there is scarce research which takes this literature and factors in the effect of interactions with others (Bergman, 2017).

Viewed together, these reasons justify an empirical investigation into a setting which would allow for these research gaps to be addressed. In the next section, the research contexts of the social-commercial hybrid venture, and emerging social-commercial hybrid investor space are introduced. The following sections of this chapter introduces the research context in which these theoretical investigations take place, followed by an overview of this document.

Overview of Research Contexts

Social-commercial hybrids have become particularly prevalent in the entrepreneurship space, with increased media, research, and practitioner interest in individuals and groups of individuals acting on their personal motivation to start organizations which jointly embrace social and economic goals (Short, Moss, & Lumpkin, 2009). Likewise, there has been an increase in social-commercial hybrid funds which seek investments in social-commercial hybrids (early-stage, privately owned companies) who offer effective, and potentially profitable solutions to critical social issues such as poverty, or environmental degradation. As Battilana et al., (2014: 427) write,

> *"The charity and business organizational forms, which historically evolved on separate tracks, have thus increasingly been mixed, leading to the emergence and development hybrid organizations that combine aspects of both organizational forms* (Galaskiewicz & Barringer, 2012; Haveman & Rao, 2006)*"*

Battilana and colleagues (2014: 427) characterize this rise as a *re*-emergence, echoing a time when "business and charity sectors did not exhibit their contemporary divide." Definitions of "economic sense" did once also include the achievement of a good society (Donaldson & Walsh, 2015), but following industrialization and modernization, hybrid forms became less common, as the social responsibility of the firm began to be seen as the responsibility of actors like government, or non-profit organizations (Hansmann, 1980; Rose-Ackerman, 1996). However, at a time when trust in governments and established businesses are at an all-time low (Edelman Berland, 2014; Nye, 1997a, 1997b), the public is experiencing a "revolution of rising expectations" (Tajfel & Turner, 1979: 45; Walsh, Meyer, & Schoonhoven, 2006), expecting more from business. Indeed, the commercially-focused practices which recently rendered a firm "normal" is now an indicator of deviance, harming corporate reputation (see, for example, the practice of downsizing: Love & Kraatz, 2009).

The wave of rising expectations is leading to an incremental dissolution of the social-commercial separation thesis (Dienhart, 2008). For example, Silicon Valley's most famous (for-profit) startup accelerator began accepting non-profits in 2013 (Graham, 2013), and the U.S. National Venture Capital Association lists "philanthropy" as one of its sub-categories (Miller & Wesley II, 2010). At the time of this writing, the CEO of BlackRock, a major private equity firm, Larry Fink, penned a letter warning CEOs to pay attention to societal impact (BlackRock, 2018; Godelnik, 2018; Krouse, 2018), writing,

> *"Indeed, the public expectations of your company have never been greater. Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate. Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders."*

The blurring of lines may be most evident among millennials (Cone, 2016; Sustainable Brands, 2016). In one survey, more than half of millennials (58%)—individuals born in the 1980s or 1990s, the largest generation in the U.S. workforce in 2015 (Bureau of Labor Statistics, 2014)—were willing to take a 15% pay cut to work for a firm that mirrors their values, and almost half of them (45%) were willing to take a 15% pay cut to work for a firm that makes a social or environmental difference (Net Impact, 2012). In top U.S. business schools, the number of students enrolled in social enterprise courses or independent projects has risen by over 800% in a 15-year period (to 600 in 2010 from 71 in 1995) (Milway & Goulay, 2013). Social welfare values increasingly are seeping into business strongholds, as more is demanded from business (Donaldson & Walsh, 2015; Margolis & Walsh, 2003; Radon, Drakos, & Maassarani, 2008).

Simultaneously, despite acknowledgement of market failures, the underlying premise that access to markets makes participants better off remains strong (Mair, Marti, & Ventresca, 2012; Mendoza & Thelen, 2008; Stiglitz, 1989). The re-emergence of these phenomena provides a new playground for researchers; a potentially ideal research setting for studying the impact of hybridity on organizational outcomes, as recommended by Almandoz (2012: 1401):

> *"researchers may need to find fields, and even better, organizations, that have espoused or integrated more than one institutional logic, perhaps because no particular single logic has become dominant (Battilana & Dorado, 2010; Zilber, 2002)."*

These two phenomena—social-commercial hybrid organizations and funds have been areas of great growth in the last few decades—but they have also been a source of great confusion, due to the terms used to refer to them (Dacin et al., 2011; Höchstädter & Scheck, 2015). This next section will clarify what is meant by social-commercial hybrid organizations and funds, and which specific phenomena are the focal points of interest of this thesis.

Social ventures as social-commercial-hybrid organizations

Organizations which incorporate social and commercial aspects in their operations may be seen to exist on a spectrum (Alter, 2006; Peredo & McLean, 2006). On one side there are *traditional social sector organizations* with a not-for-profit legal designation, as exists in most developed economics. In this case, the social component is seen to be the primary component of the organization, addressing one of the social sectors in the previous table, while the commercial component is absent.

Moving away from this extreme of the spectrum is the *modern-day,* or *evolving not-for-profit organization* (Young & Salamon, 2002). These organizations have increasingly adopted rational, business-related, market-based approaches to achieve their social mission (Ebrahim et al., 2014; Young & Salamon, 2002). Facing pressure to increase their efficiency and accountability (Battilana & Lee, 2014: 427), and complement or substitute donor and federal funding (Binder, 2007; Defourny & Nyssens, 2007; Eikenberry & Kluver, 2004; Kerlin, 2006), these organizations partner with alternative resource providers, such as businesses (Austin, 2000; Dees & Anderson, 2003), or adopt a revenue-generating trade activity (Dees, 1998; Drayton, 2002; Harding, 2007; Hockerts, 2006; Seelos & Mair, 2005; Thompson & Doherty, 2006), which they have done since the 1980s (Child, 2010).

In this case, the social component of the organization remains the primary element of organizational activity, but there is a secondary element: a revenue-generating, commercial component, called an earned-revenue strategy, in the non-profit sector (Oster, Massarsky, & Beinhacker, 2004). The increasing prevalence of social organizations adopting earned-revenue strategies has led to debate and fears of “mission drift”—that the introduction of a commercial component will distract social organizations from their original mission—and cooptation by private actors (Eikenberry & Kluver, 2004; Foster & Bradach, 2005; Salamon, 1993; Weisbrod, 1997).

On the other side of the spectrum is the *traditional for-profit firm,* which, in the management literature, is usually also a publicly traded entity. In this case, the commercial component is the primary component, and the social component is predominantly absent, sometimes as required by law. As per the Friedman (1970) Doctrine, which states that “the social responsibility of business is to increase its profits,” the firm is accountable to its shareholders and therefore, traditionally, will shy away from significantly participating in social activities, beyond those which may lead to increasing financial returns, e.g. social-cause marketing (Bloom, Hoeffler, Keller, & Meza, 2006). The following figure (Figure 9) depicts a simplified version of the social expectations bestowed on a traditional for-profit firm in a liberal market economy. In many firms today, providing basic employment to workers would not suffice. A living wage and adherence to mandated workplace safety standards would likely be common accepted additions. Customer satisfaction would also likely be complemented with adherence to mandated health and safety standards. However, from the traditional firm's perspective, these are not truly socially-focused add-ons. They are only integrated because legal regimens require them to be (Wright & Nyberg, 2017).[20]

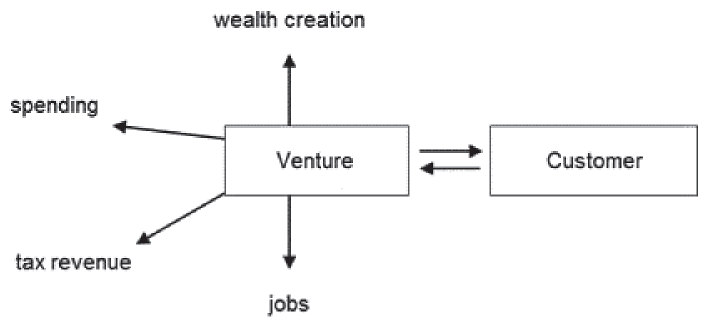


Figure 9: Liberal market economy view of social value creation in private firms

Moving closer to the center of the spectrum, is the *modern-day evolving publicly-traded firm*, which invests in image management (Dutton & Dukerich, 1991; Love & Kraatz, 2009), particularly as a socially responsible firm (Barnett, 2007; Porter & Kramer, 2006). In this case, the commercial component is the primary component, but there is a secondary social component *beyond what is required by law* (McWilliams & Siegel, 2001). This may manifest itself if three ways. Firstly, at the operational level, more benefits may be accorded to employees, related to health, family, comfort, finances. But benefits may also be accrued to supplies, producers, distributors, etc. These benefits may even be certified by a label such as "Fair Trade" (De Pelsmacker, Driesen, & Rayp, 2005) or "B-Corporation" (Cao, Gehman, & Grimes, 2017; Gehman, Grimes, & Cao, 2018; Kim, Karlesky, Myers, & Schifeling, 2016). Secondly, at the customer-level, the business may target a disadvantaged population, or, they may specialize in goods or services which generally provide meaning, delight, a sense of belonging, efficiency gains, health-gains, or wealth creation (e.g., via access to information). Finally, the firm may simply keep the operations "traditional" and donate a portion of its profits to a charitable cause.

[20] This description does not intend to make a moral judgment, simply observe a philosophical stance. Often accompanying this view of the firm, is the presence of voluntary individual philanthropy.

Finally, at center of the spectrum sits the *social-commercial hybrid*, a type of organization which aims to fulfill a social mission while wholly relying on a commercial business model (Santos, Pache, & Birkholz, 2015). The legal form of this organization varies (Ebrahim et al., 2014; Haigh, Kennedy, & Walker, 2015). It may be a variant of the traditional not-for-profit or for-profit designations, have a special legal designation (e.g. benefit corporation, cooperative) (Cooney, Koushyar, Lee, & Murray, 2014; Munch, 2012), or be a creative composite (e.g. a private company, the shares of which are owned by a not-for-profit or trust with majority ownership) (Battilana, Lee, Walker, & Dorsey, 2012).

This thesis does not rely on any legal or certificate indicators in the definition of a social-commercial hybrid (e.g., community interest corporation (UK), benefit corporation, low-profit limited liability company, social purpose corporation (US), B-Corp certification (international)), since the most appropriate legal form for social-commercial hybrids will likely continue to vary due to idiosyncratic characteristics of the founding process (Battilana et al., 2012), and the lack of convergence in international and even, national, regulatory systems (Lasprogata & Cotten, 2003). While the actual legal form of this organization may vary, the defining feature of this organization is that the social and the commercial components are both seen to be of primary importance and may even be the same element. The table below (Table 10) summarizes the spectrum of social and commercial organizations on which the social-business hybrid is located.

	Type of organization	**Usual legal designation**	**Social component**		**Commercial component**
more social	Traditional social organization	Not-for-profit organization	Primary	>	Absent
	Evolving social organization	Not-for-profit organization	Primary	>	Secondary
	Commercial-social hybrid	Varies	Primary	=	Primary
more	Evolving firm	For-profit firm	Secondary	<	Primary
commercial	Traditional firm	For-profit firm	Absent	<	Primary

Table 10: Spectrum of social and commercial organizations on which the social-business hybrid is located

This thesis focuses specifically on *social ventures*, defined as *emerging* social-commercial hybrids, founded from the start with the intention of fully combining a social and commercial in pursuit of a market opportunity (Austin et al., 2006; Shane, 2012; Venkataraman, Sarasvathy, Dew, & Forster, 2012). As the previous table illustrates, both the social and commercial component of such a venture are seen as the *primary* elements of the organization, existing in the same structure, thus satisfying the definition of a hybrid organization, defined earlier in this chapter.

Social ventures may also be called cleantech, eco, ecological, environmental, green, social impact, societal or sustainable entrepreneurship (Dean & McMullen, 2007; Mars & Lounsbury, 2009), however, the use of the term *social ventures* in this thesis refers to a unique phenomenon which should be differentiated from other social-commercial organizational forms discussed in the literature.

For example, definitions of emerging organizations arising from the social business and the social entrepreneurship literature vary in the emphasis placed on both sides, as well as the degree of hybridity in the founding team. Regarding where the emphasis is placed, in this literature, it is usually placed on the social component. In fact, social businesses, a term popularized by Nobel laureate Muhammed Yunus (Büthe, Yunus, & Jolis, 2000; Yunus, 2007; Yunus et al., 2010), refer to organizations which reinvest all profits into their organizations, except if the organization is owned by the marginalized population whose grievances the social businesses are trying to address. In which case, the organization would distribute dividends to these "poor" owners. Likewise, the focus of study in the social entrepreneurship research, which uses the terms social enterprise and social venture interchangeable, are organizations which are social-dominant, whereby the primary goal of the entrepreneur is to create social value (Alvord, Brown, & Letts, 2004; Dacin et al., 2011; Miller et al., 2012; Yunus et al., 2010) or social transformation (Dees, 1998; Mair & Martí, 2006). As Miller et al. (2012:618) write,

> *"Hybrid organizations […] seek to apply market-based solutions to social issues such that benefits accrue primarily to targeted beneficiaries, as opposed to owners* (Alvord et al., 2004; Austin et al., 2006; Mair & Martí, 2006)*."*

While these definitions are somewhat ambiguous, since ventures which apply "market-based solutions to social issues" may be said to jointly adopt both a market-based and a social mindset, to clarify, the focus of this thesis is in emerging organizations which seek benefits *both* to targeted beneficiaries, as well as to owners.

A note about social-commercial hybridity and Corporate Social Responsibility. The social venture is thus also markedly different from the firms which promote internal prosocial behavior, engage in corporate volunteering (Grant, 2012; Grant, Dutton, & Rosso, 2008), or firms which adopt Corporate Social Responsibility (CSR) practices (Aupperle, Carroll, & Hatfield, 1985). This literature is vast and can be divided into three streams, all related to established commercially-dominant firms. We summarize the literature below, highlighting how our context differs from this phenomenon.

Firstly, this stream of literature seeks to understand how *established* for-profit firms can integrate social programs and interact with stakeholders as a secondary element in their primarily commercial activities. This is, in many instances, an afterthought, reactive—or, pre-emptive in the sense that the corporation seeks to be a step ahead of stakeholder pressures or changing legislation—whereas social ventures are created *for the purpose of* addressing what they see as important stakeholder interests, with heterogeneity in how external they perceive these stakeholders to be (e.g., in many cases stakeholder interests are internalized as part of the founder's identity or guiding logics). For example, McWilliams and Siegel (2001), cited 5,812 times according to Google Scholar in 2018, advise managers to take a cost-benefit approach to determine the ideal "level of CSR that will maximize profits while satisfying the demand for CSR from multiple stakeholders" (2001: 125). Their statement illustrates a common and (troubling) assumption in management that demand for CSR is external, and not internal, and reflects the dominant mindset of placing commercial profit—or the interests of "those that "own" the firm (shareholders)"—over socially responsible behavior—or the interest "those that demand CSR (consumers, employees, community)" (2001: 119). Illustrative of this commercial-economic dominant mindset is the Ford Pinto case from 1970 in which Ford Motor Co. did not recall cars with a defect after a cost-benefit analysis revealed that it would be cheaper to payout injury claims (Fortune, 2015). Similar cases abound with financial firms preferring to pay fines rather than obey the law.

A second related research stream advocates for an accounting practice which honors the "Triple Bottom Line"—financial performance, social/ethical performance and environmental performance (Norman & MacDonald, 2004)—suggesting that this may be a framework managers can use to guide their decision-making. However, the concept has been heavily criticized (Sridhar & Jones, 2013), and research in this field focuses on the Triple Bottom Line as regulatory, corporate governance standards (Painter-Morland, 2006), which, to an extent, reduces the rich managerial decision-making processes which can take place within an organization, and in interactions with the board (Golden-Biddle & Rao, 1997) to an auditing exercise. As recounted above, one sub-group of this stream is to help profit-oriented firms weigh and understand the impact of social responsibility pressures on their financial bottom line, with various studies providing evidence for positive (Orlitzky, Schmidt, & Rynes, 2003), negative, curvilinear (Bowman & Haire, 1975), variable (Kaul & Luo, 2016), and null impacts (Abbott & Monsen, 1979; Alexander & Buchholz, 1978; Aupperle et al., 1985; Cochran & Wood, 1984).

The third sub-group within this literature stream has the goal of convincing mainstream management research to consider goals outside of the main profit-oriented model as legitimate goals (Kraatz & Block, 2008). This literature argues from an ethical (Davis, Schoorman, & Donaldson, 1997), pragmatic (Donaldson & Preston, 1995), and to some extent, an empirical standpoint (Kaul & Luo, 2016), that a greater share of attention should be given to stakeholders other than the primary shareholders. Essentially, this stream of research is socially motivated to make a business case for socially responsibly practices.

An opportunity for scholars studying social-commercial hybridity. Indeed, while this area of research has produced numerous empirical studies on the performance outcomes of integrating Corporate Social Responsibility practices—based largely on stock prices of established firms (Barnett, 2007)—the outcome appears to be a dichotomy, "yes, integrate social considerations into the primary business activity," "no, there is little evidence that doing so would be beneficial for the firm's financial bottom line" (e.g., King & Lenox, 2001). Few studies are taking the next steps forward: tackling *the extent to which* managerial attention should be split to best manage the social and commercial identities of the firm (Tate & Bals, 2016)—how should decision-makers allocate their resources across these competing demands? Furthermore, few scholars in this field move beyond the debate on the "correct" allocation of attention across these concerns to the evaluation of firm strategies (Nason, Bacq, & Gras, 2018), and the day-to-day of *how* to manage these dynamic organizational configurations (Kraatz & Block, 2008: 44).

These processual and decision-making dynamics are at the core of this thesis, the focal point of the three empirical studies. The first part of the thesis takes an explicitly processual perspective on how decision-makers in the organization managed the joint pursuit of social and commercial goals, while the last study in the thesis directly investigates how decision-makers weigh social welfare-related and commercial factors in their resource allocations decisions.

Social venture capital as social-commercial-hybrid funds

Like other social-commercial hybrid organizations, *funds* which incorporate social and commercial aspects in their operations may be seen to exist on a spectrum (Avantage Ventures, 2011). On one side there are *traditional for-profit funds.* In these funds, the primary component is their commercial component, whereby the fund will invest in any and all assets or companies which will reap the greatest financial returns (usually within the boundaries of the law). On the other side of the spectrum *traditional philanthropic funds,* which do not expect any financial returns from their investment (and may be barred from generating returns by their legal designations) but may impose strict reporting and monitoring measures to ensure that social returns are achieved as a result of their financial support.[21]

As in the social venture context, this thesis takes an interest in the manifestation of social-commercial hybrid funds—funds with equally represented social and commercial parts—also referred to as *impact investment funds*. These funds have identities which are inherently dualistic (Scarlata & Alemany, 2010).[22] While these funds have been areas of great

[21] While philanthropic funds invest to achieve a social mission, some funds generate returns through other investments, in order to fund their social mission (e.g., government pension funds).
[22] The term dualistic refers to the dual nature of the organizational identity.

growth in the last few decades, they are also still a source of confusion, due to fragmentation in the overall industry, with multiple actors using the same terms to describe different approaches to investing and vice versa (Chiappini, 2017; Daggers & Nicholls, 2016; Freireich & Fulton, 2009; Höchstädter & Scheck, 2015). Moreover, even among similar approaches towards financing, differences abound due to the investment target, and the preferred financial instrument (e.g., equity, loans, etc.)—often due to real or normative constraints around the legal structure of the venture (and/or the fund) (Nicholls & Pharoah, 2008).

For example, what is referred to as *impact investing* in this thesis is sometimes referred to as blended value investing, double-bottom line or triple-bottom-line investing (Harold, Spitzer, & Emerson, 2007), community development venture capital (Jegen, 1998), developmental venture capital (Rubin, 2009), mission-driven investing (Kolodny, 2016), patient capital (Novogratz, 2010), philanthrocapitalism (McGoey, 2014), philanthropic venture capital (Scarlata & Alemany, 2010), social investing (Nicholls, 2010), social venture capital (Miller & Wesley II, 2010), sustainable venture capital (Bocken, 2015), and venture philanthropy (Healey & Hoyt, 2013; Moody, 2007; Pepin, 2005). Chiappini (2017) and Höchstädter & Scheck (2015) present a compelling overview of the different uses of terms in the literature: all these terms refer to investing carried out with the aim of generating "returns," "good," "benefits," "impact," "solutions," "goods/services." On the social side, these outcomes have been described as "social," "social (or environmental)," "public benefits/benefits for society." Some authors have placed caveats on how the social outcomes should be achieved in terms of *intention* to do good (Cambridge Associates & The Global Impact Investing Network, 2015; Chiappini, 2017; Freedman, Vartikar, Wiebeck, & Zoltan, 2016), measurement (O'Donohoe, Leijonhufvud, Saltuk, Bugg-Levine, & Brandenberg, 2010), in or outside geographic areas (Freireich & Fulton, 2009; Harji & Jackson, 2012), or legal structure. On the commercial side, authors have spoken of: "profitable investment activity," "at least the return of the principal," financial return ranging from "principal to market return." "below market to risk-adjusted market rate" (Chiappini, 2017; Evenett & Richter, 2011; Höchstädter & Scheck, 2015). To add to the confusion, investors with different investment approaches may still inevitably overlap with each other in the types of organizations that they fund.

This thesis differentiates *impact investing* from other types of financial activity which occur on the more commercial side of the spectrum. One conceptual step from traditional for-profit funds are *Socially Responsible Investment (SRI) funds* (see Table 11, second column from right). SRI funds are like for-profit funds and usually invest liberally across all assets and public companies *except* in investments deemed to be harmful for the environment or society (Rudd, 1981). Traditionally, these harmful industries have referred to tobacco or polluting fuels, however, in recent years SRI funds have become more adaptable and selective depending on client preferences (Sparkes & Cowton, 2004; Yan et al., 2018). Representing over 2 trillion USD of managed assets in the United States alone, these funds have grown significantly in the past decades. SRI fund managers may also implement a "best in class" approach whereby they will compare potential investment opportunities to competitors on the market (Randjelovic et al., 2003).

Moving another conceptual step towards the center of the spectrum are *Environmental-Social-Governance (ESG) funds*, funds which combine environmental and social concerns with governance, investing only in firms which have environmental or social monitoring procedures in place (see Table 11, third column from right). Usually ESG funds will also employ the same screening practices as SRI funds. Rarely will ESG funds will have a strategy for how they intend to achieve desired environmental or social goals, although this is sometimes the case.

	Pure Social				**Pure Profit**		
Type	**Philanthropic Donations**	**Venture Philanthropy**	**Program-related Investing**	**Impact Investing**	**ESG Investments**	**Socially-Responsible Investments**	**Traditional Investments**
Investment Approach	Pure charitable giving with no expectation of financial return	Donations are given as seed capital with the expectation of operational sustainability through mentoring by investors	Return of at least the principal is expected; possibility of market return, as well as of social performance	Investments in companies whose primary goal is delivering social and environmental good, whilst also delivering competitive market returns	Limiting investments to companies who track and evaluate their performance against key environment, social and governance metrics	"Do no harm" investing in listed stocks that avoid ethically and environmentally questionable companies (e.g. tobacco, coal, casinos)	100% driven by maximization of short-term financial gain

Table 11: The spectrum of social and commercial funds (adapted from Advantage Ventures Analysis, 2011)

Switching to the more social end of the spectrum, are several variants. One conceptual step from philanthropy and charity is *venture philanthropy* (philanthropy which adopts practices from venture capital, such as staged financing, whereby investees must hit specific milestones before accessing the full amount of capital) (Mair & Hehenberger, 2014). Interestingly, while the emergence of social ventures is mostly attributed to the introduction of social considerations in a traditionally commercial domain, i.e., the social pressures felt by traditionally commercial actors (Matten & Moon, 2008; Pedersen & Dobbin, 2006), commercial pressures among social-commercial hybrid funds appears to be gaining influence in the traditional social arena of philanthropy (Letts, Ryan, & Grossman, 1997; Mair & Hehenberger, 2014) and social investment (Daggers & Nicholls, 2016). For example, Mair and Hehenberger (2014: 1193) write, *"When we began our research, VP [venture philanthropy] was considered the insurgent model of giving. Ten years later, and as we write, VP is widely considered an appropriate and legitimate model of organizational philanthropy in Europe. Practices introduced by VP are widely normalized, shared, and incorporated in the repertoire of practices used by TP [traditional philanthropy] in Europe."*

Another conceptual step towards the center is *program-related investing*. Program-related investing is often associated with public actors, development banks (e.g., the Asian Development Bank), or other types of international organizations (such as, the United Nations Development Program or the World Food Program), whereby repayment is expected at discounted or market-rates (Lyons & Kickul, 2013). The previous table depicts where impact investing funds are situated along the spectrum of investment approaches.

However, even within the impact investing space, there is a significant amount of variation in terms of ideal investment target (industry, legal status, stage of development, etc.), preferred financial instrument, source of financing, and their legal structure. Some advocates view impact investing as its own asset class, while others claim it encompasses multiple asset classes (Chiappini, 2017; Evenett & Richter, 2011; O'Donohoe et al., 2010). Figure 10 represents the overlaps in ideal investment targets across the broader industry.

In addition to finding variation among ideal investment targets, and preferred financial instrument, these funds also vary in the source of their financing and their legal structure. These investors are sourced by a variety of actors, including large institutions, public, and private funds and foundations (Center for Global Development, 2010; Puttick & Ludlow, 2012; Rodin & Brandenburg, 2014).

Many of these funds operate in frontier markets, although this is not always the case. They are also found in a variety of social sectors such as renewable energy (23%), rural development (17%), trade (14%), education (4%), and health (17%) (Simon & Barmeier, 2010), but also traditional sectors such as Agriculture, Health, Food (AHF), Consumer Products, Retail (CPR), Energy, Environmental Technology, Utilities (EEU), Financial, Consulting, Services (FCS), Manufacturing, Construction, Transportation, Media, Education (MCT), Communications (MEC), and Software and IT (SIT) (Clark & Ucak, 2006: 22).

Beyond the differences in industry, legal status, geography, or stage of development, one of the most important difference in the ideal investment target of these funds is in the performance and scalability expected from these organizations' (projected or actual) revenue and social impact models (Miller & Wesley II, 2010).

For example, Acumen Fund, one of the first impact investing firms, created in 2001, invested raised money into commercial projects with social goals though "loans and equity investments in both nonprofit and for-profit organizations." Profits from these investments are not returned to investors (which are, in fact, donors). Instead, profits are reinvested in other projects with high short-term financial risk but large long-term social returns (Healey & Hoyt, 2013: 5).

Prior literature in this space has tended to focus on these differences in financial and social expectations, most notably in the concept of trade-offs – that an investor must either sacrifice rigor in the evaluation of a venture's potential social contribution ("finance-first" investors) (Höchstädter & Scheck, 2015), or, if she truly wishes to enable meaningful social outcomes, she must accept below market-rate financial returns (Daggers & Nicholls, 2016; Grabenwarter & Liechtenstein, 2011). Essentially, the literature argues that investors must prioritize either financial outcomes or social outcomes but cannot pursue both and achieve competitive outcomes.

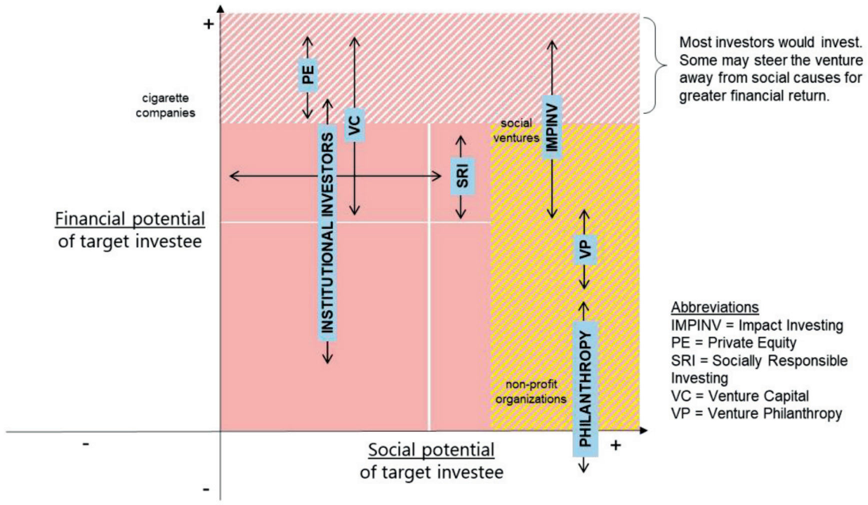


Figure 10: Variance in ideal investment target of social and commercial funds

Writing on community development venture capital, Jegen (1998: 189) argues,

> *"inevitably there will be a tension between social and financial goals, and at some point[,] every [social venture capital firm] will have to choose between higher financial returns and the fund's social agenda."*

These literatures usually assume that there is a *negative* interdependent relationship between social activities and financial activities within a firm, creating an intriguing opportunity for research to discover (a) whether this is the case, and, (b) if it is the case, how exactly are these trade-offs manifested?

Despite the great mobilization of practitioner-oriented research accompanying the great mobilization of capital for social assets from private investors—estimates range from 500 billion to 1 trillion US dollars

(Acumen Fund & Monitor Institute, 2012; Freireich & Fulton, 2009)—and the increasing evidence that impact investing funds can beat traditional market returns (Cambridge Associates & The Global Impact Investing Network, 2015)—most of this research has been conducted on investments into established and/or publicly-traded firms. Current findings are based on samples with an overrepresentation of later-stage investors and the underrepresentation of early-stage investors (see the references to Growth and Mezzanine Private Equity classes in Table 12—while Venture Capital is included, typically they represent a small portion of study samples). Relatively little work has been conducted on impact investing into *early-stage* companies, particularly impact investing where the goal is to seamlessly combine social and commercial goals, usually using equity-based financial instruments.

	Included	**Excluded**
Fund type	Private, closed-ended funds available to institutional investors	Public funds Open-ended funds
Asset class/strategy	Private Equity: Growth Private Equity: Mezzanine Venture Capital	Private Equity: Buyout Fixed Income Real Assets
Impact Intent	Intent to generate social impact	Intent to generate environmental impact only ESG / negative screening
Target returns	"Market rate": target 15%+ net IRR for growth and venture; 10% for mezzanine	Below-market funds: target concessionary returns that are lower than our market rate expectations

Table 12: Inclusion criteria of study published by the Cambridge Associates and The Global Impact Investing Network (2015)

To obtain a better understanding of the *emergence* of social-commercial hybrids, this thesis takes an interest in impact investing funds which primarily invest in social-commercial hybrids in their *early stage* (i.e., social ventures). As indicate in Figure 11, this thesis refers to these *social investors* as *social venture capitalists, or social VCs.*

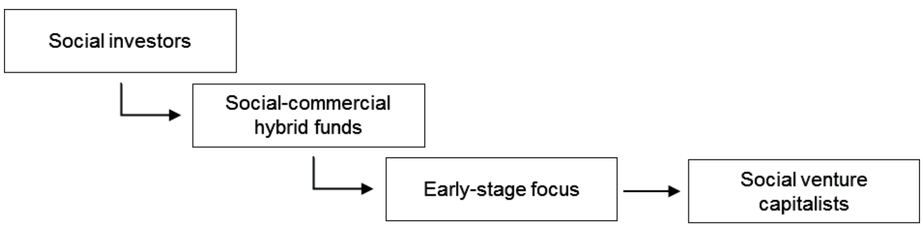


Figure 11: Empirical focus of this thesis

Social VCs are early-stage equity investment firms which directly fund social ventures—newly-formed, privately-owned firms addressing social or environmental issues (Austin et al., 2006; Randjelovic et al., 2003; Rheingold, 2017). Branded as an investor acting in the interests of society, exclusively investing in ventures which address social themes, and yet simultaneously required to uphold its fiduciary duties to its investors (Acumen Fund & Monitor Institute, 2012; Barry et al., 1990; Timmons & Bygrave, 1986). Some prominent social investors include Fifty Years, Acumen Fund, Better Ventures, Collaborative Fund, Obvious Ventures, Omidyar Network, Social Capital, The Rise Fund and Village Capital (de la Merced, 2016; "Fifty Years — The new Silicon Valley VC that wants to save the world AND make money," 2016; Franklin, 2017; Kolodny, 2017; "TPG is raising $2 billion for a social impact fund called Rise," 2016).

These investors share similarities with venture capitalists (VCs) due to the stage at which they fund firms (i.e., early, uncertain, with little information), and the profit component of their investments—social investors expect their portfolio companies to generate revenue and eventually return cash to their investors (MacMillan, Siegel, & Narasimha, 1985; Petty & Gruber, 2011; Tyebjee & Bruno, 1984). Social investors share the same challenges as early-stage entrepreneurs, characterized by a lack of "hard facts, extreme uncertainty, and significant pressure" (Mueller & Shepherd, 2016: 465). An important similarity is the equity or near-equity-based financial instruments that they use as a result of intervening at such an early stage (Rubin, 2009). For example, VCs are often defined as firms which invest "concentrated equity positions in the companies they fund and exercise significant influence on the management" (Barry et al., 1990). But unlike traditional VCs, social VCs also expect their investees to deliver on social outcomes.

As a result, social investors can be characterized as seeking investment in ventures which are more market-driven and growth-oriented than traditional nonprofits, but more socially conscious than traditional businesses, and, which suggest potential for profound impact on social issues through profitable sales of its product or services. Social investors have been estimated to have raised over 13 billion USD since their emergence in 2001 (TechCrunch, 2017).

Social investors represent an appealing research context for several reasons. First of all, social investors are hybrid organizations which must evaluate organizations with varying degrees of hybridity on a regular basis, making them a great subject for understanding how hybridity affects organizational processes and decision-making outcomes.

Second, because social investors have a strong performance orientation (Pepin, 2005), the decisions of social investors may provide an important success proxy variable, helping to address the lack of consensus in impact measurement in hybrid research. For young companies, access to resources is often a strong indicator—if not a determinant—of success (Amit, Glosten, & Muller, 1990; Baum & Silverman, 2004; MacMillan, Siegel, & Narasimha, 1985; Starr & MacMillan, 1990). While the research stream struggles to define and measure performance outcomes, a positive funding decision from a social investor may be able to shed light on the characteristics of *social ventures*—venture attributes beyond the individual traits of the social entrepreneur (Dacin et al., 2011)—which indicate a high potential for commercially *and* socially successful organizational outcomes.

Third, this context could allow for more methodological diversity into the study of social ventures, move beyond single- or "small *n*" case studies, towards more systematic methods of analysis (Certo & Miller, 2008; Dacin et al., 2011). The heterogeneity of investment proposals that social investors receive allows for comparative analyses with *failed* funding requests, allowing insights to be gleaned from failure (Light, 2006), as well as from a more complete sample (Denrell, 2005). In a sense, this is an opportunity for researchers to borrow the larger-scale databases of social investors for richer insights into this field.

Fourth, this research setting provides a window to hybrid organizations during their process of emergence. This entrepreneurial setting allows this thesis to respond to calls beyond the hybrid organizing setting, related to (social) mission-driven organizations. For example, this setting allows this thesis to respond to calls for researchers to return to "the roots of the businesses we study to learn why they were started, what they wanted to achieve, and how, perhaps, some lost their way" (Hollensbe et al., 2014: 1233).

Finally, this area of study represents an opportunity to bring the discussion about organizational duality to the early-stage investor decision-making literature which has, until now, largely developed in parallel. Traditionally, the cases in which social considerations have been taken into account in the investor decision-making literature presents social considerations as a distraction to being a good, objective, rational and analytical investor (i.e., a commercially-dominant mindset), with some similarities to the CSR literature, as described in the preceding section. In fact, this literature appears to be even more financially dominated, with little mention of social benefits and strategic benefits (Porter & Kramer, 2006). Alternatively, the research has focused on individual private actors deciding whether or not to give personal funds to hybrid causes, as is the case in crowd-sourced microlending online platforms such as Kiva (Allison, Davis, Short, & Webb, 2014).

However, there have been some rare conceptual and empirical contributions related to social investors in social investment funds (Rubin, 2009, 2010). For example, Randjelovic (2003) conducted semi-structured interviews with venture capital firms and managers investing in social ventures focused on environmental issues. They found that this sector, which they estimated was worth 100 million EUR, and 0.08% of the mainstream market, sourced their funding more from high net-worth individuals than from pension funds and banks, and had a longer duration of investment (3-5 years versus 2-3 years in mainstream finance.

Miller and Wesley II (2010) investigate how social investors evaluate funding proposals using a sample of 47 social investors. They studied how the social venture effectiveness was moderated by venture-level attributes, entrepreneur-level attributes and investor-level attributes. They found evidence for the following attributes on venture effectiveness:

the venture's focus on the social mission, innovation capabilities, business experience, ability to generate revenue, measurement methodology, as well as the entrepreneur's passion for social change, social network, business experience and education; and the investor's social focus.

Finally, research in this field has been spearheaded by practitioners (Daggers & Nicholls, 2016), resulting in reports without a strong theoretical basis to understand decision-making processes within these hybrid funds (Dietz, 1987; Takyi, 2012), creating an opportunity for theoretically motivated research. For example, scholars claim there has been little work on venture identity perception and evaluation by potential resource providers (Navis & Glynn, 2011). In this case, the social investors' perceptions of promising ventures, could be interpreted as a plausible identity – or plausible "claims around the founders, organization, and market opportunity of an entrepreneurial entity that gives meaning to questions of "who we are" and "what we do" (Navis & Glynn, 2011: 480).

Overview of research project

Summary of research motivation

As illustrated in the previous sections, the study of organizational duality has captured the attention of scholars for decades. As a result, a rich body of work has emerged to address questions about social-commercial organizational duality (Battilana, Besharov, & Mitzinneck, 2017; Battilana & Lee, 2014). While the origins of this literature suggest that hybridity leads to tension (Pratt & Rafaeli, 1997; Zilber, 2002), conflict (Ashforth & Reingen, 2014; Glynn, 2000), hybridity collapse (Ebrahim, Battilana, & Mair, 2014; Yue, Wang, & Yang, 2018) or organizational failure (Tracey, Phillips, & Jarvis, 2011), recent studies suggest that hybrid configurations can also be both compatible and complementary (Besharov & Smith, 2014), helping to reinforce the dual identity of their members (Besharov, 2014; Gotsi, Andriopoulos, Lewis, & Ingram, 2010) and their organization (Jay, 2013; Murray, 2010), as well as, eventually, even further facilitating growth and adaptation in their wider industry (Haveman & Rao, 2006; Mair & Hehenberger, 2014; Rao, Monin, & Durand, 2003).

Addressing the dangled possibility of a synergistic, productive relationship between commercial and social identities, scholarly work has explained how managers can manipulate organizational structure (Ashforth & Reingen, 2014; Perkmann, McKelvey, & Philips, 2018; Ramus, Vaccaro, & Brusoni, 2017; Smith & Besharov, 2017), processes (Jay, 2013; Lok, 2010), language (Alvesson & Willmott, 2002; Besharov, 2014; Fiol, 2002; Gotsi et al., 2010), and strategies (Golden-Biddle & Rao, 1997; Pache & Santos, 2013) to generate, perpetuate, or resolve conflicts arising from the combination of two different organizational identities (Glynn, 2000; Zilber, 2002). To advance this area of study, this thesis identifies five characteristics of current research on social-commercial hybrid organizations, which, if addressed, would allow research on this important phenomenon to generate more insights for both scholars and practitioners.

First, most research in this field builds on pioneering *conceptual* research (e.g., Miller et al., 2012; Nicholls, 2010; Pache & Santos, 2010) or small samples of social-commercial organizations (Dacin et al., 2011), lacking access to large datasets.

Second, most research has been conducted on “successful” or enduring hybrid organizations (Dacin et al., 2011; Denrell, 2005).[23] This is likely because information on failed hybrids is difficult to obtain, and social-commercial success is difficult to define and measure (Battilana & Lee, 2014).

Third, the majority of research on social-commercial organizations has tended to focus more on the social-commercial organization itself, its internal processes, founding team, and social goals (Ashforth & Reingen, 2014; Battilana & Dorado, 2010; Fauchart & Gruber, 2011; Pache & Santos, 2013). However, this focus on internal processes excludes the important role inter-organizational interactions, the influence of resource providers (Huang & Knight, 2017; Stinchcombe, 1965), and, specifically, the effect that third parties may have in shaping hybridity in other organizations (Jones et al., 2012).

Fourth, research on organizational duality has tended to focus on a particular type of hybrid organization in which two separate internal groups enact separate identities and advocate for the goals, priorities and activities associated with them (see, for example, the food cooperative studied by Ashforth & Reingen, 2014). This type of organization, known as an *ideographic hybrid* (Albert & Whetten, 1985), tends to experience conflict (e.g., Glynn, 2000; Zilber, 2002) and failure (e.g., Tracey et al., 2011). Fewer studies have been conducted on *holographic hybrids*, organizations in which *all* members or groups jointly hold dual identities (Smith & Besharov, 2017), and in which hybridity can lead to synergy and complementarity (Besharov & Smith, 2014; Murray, 2010). As a result, this raises the concern of whether attributes and consequences of hybridity may have been conflated in prior literature. Indeed, scholars have suggested that definitional and theoretical assumptions may have prevented scholars from exploring the full range of possible organizational outcomes which can result from hybridity (Kraatz & Block, 2008).

Finally, organizations in most extant studies were usually selected as research subjects because of their pre-established hybrid qualities (Perkmann et al., 2018; Ramus et al., 2017; Smith & Besharov, 2017). When hybridity antecedents *are* discussed, past studies have usually emphasized field- or industry-level context (Haveman & Rao, 2006; Rao et

[23] We consider these organizations to be partially successful because they remain operational long enough for scholars to learn of and study their activities. However, these enduring organizations still may be prone to conflict and tension.

al., 2003; Thornton & Ocasio, 1999) while overlooking the potential of heterogeneity in managerial cognition and individual-level attributes to effect hybrid outcomes.[24]

Presentation of research questions

To address these limitations to the study of organizational hybridity and continue to advance our knowledge of this phenomenon, this thesis leverages the empirical context of *social investors* and *social investment firms,* defined as investors which take social and/or environmental concerns into account in their investment practice. The first two studies of the thesis focused on *social venture capitalists*, a type of social investment firm which makes early-stage equity investments into social-commercial hybrids, while being, itself, a social-commercial hybrid. The last study of the thesis conducts tests at the level of the individual decision-maker, drawing on a larger sample of investors, to include individuals from hybrid and non-hybrid investment practices, including both commercial and social investment firms.

This thesis studies social venture capitalists due to their importance as a potential partner for other social-commercial hybrids, and the important role they play in providing financial, social, and knowledge capital to young, dual-identity organizations (Aldrich & Fiol, 1994; Harding, 2007; Lyon & Ramsden, 2006; Pache & Santos, 2013). Moreover, despite how critical resources are for young organizations, and the implications of understanding how to facilitate access to these resources for suitable projects, there is a lack of research on decision-making which combines commercial and prosocial identities (Shepherd, 2015; Shepherd et al., 2015), and a specific lack of empirical research on social venture capital decision-making (Austin et al., 2006; Lyons & Kickul, 2013; Nicholls, 2010; Short et al., 2009).

Originally inspired by the practical implications of research in this field, this thesis responded to these calls for more research on social venture capital decision-making by pursuing the following research question (RQ):

> *By which criteria and processes, do social venture capitalists (SVCs) identify promising social venture investments?*

Over the course of inductive fieldwork, this practically-oriented question evolved to:

> *How do social venture capitalists (SVCs) select and evaluate investment proposals?*

[24] For rare exceptions, see: Miller & Wesley II, 2010; Miron-Spektor et al., 2018; Zhang, Waldman, Han, & Li, 2015).

Finally, this research question, over the course of an in-depth, inductive research process, was later refined to the following, theoretically-motivated question, which has been the guiding focus of this thesis.

RQ: How does social-commercial duality affect new venture evaluation and investor decision-making?

This research question was pursued in three empirical studies, each addressing different aspects of the research question:

RQ1: How do SVCs translate their dual social and commercial identity into their own investment criteria?
RQ2: How do SVCs evaluate and shape duality in other (emerging) organizations?
RQ3: How do individual-level attributes affect hybridity in decision-making?

As illustrated in Figure 12, these three research questions take place at multiple levels of analysis, each responding to an area on the theoretical framework which have not benefitted from as much scholarly attention (see Figure 6 in previous section). RQ2, for example, spans two sections in our theoretical framework (under Inter-organizational activities and processes). The lower "2" (under the processes box in Figure 12) has benefitted from scholarly attention, however, the higher "2" referring to inter-organizational activities is sparser, in the context of hybridity research.[25]

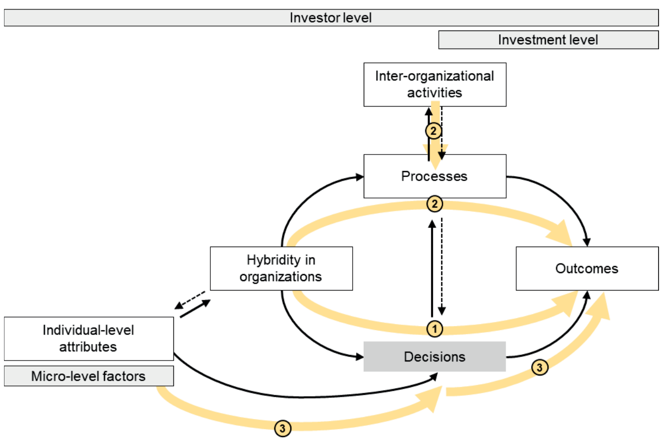


Figure 12: Visualization of thesis research questions in relation to constructs in the literature (see also: Figure 6)

[25] Pahnke and colleagues (2015) do discuss the influence of resource providers' institutional logics in young firms, but do not address the question of hybridity. Wry and colleagues (2014) discuss hybridity and new venture evaluation, however, they do not address social-commercial hybridity, nor do they examine the evaluation process.

Summary of Thesis

This thesis explores the question *How does social-commercial duality affect new venture evaluation and investor decision-making?* in three empirical studies involving holographic and ideographic hybrid organizations.[26] The first two studies leverage the research setting of a single holographic social investment firm. The first study draws on a rich and unique dataset of 1,614 investment outcomes to examine specific investment decision-making criteria used by an SVC to evaluate early-stage social-commercial organizations ("*social ventures*"). The second study draws on original fieldwork and interviews at the same investment firm, conducted to better understand the SVC's behavior as it evaluates and acts upon investment proposals. These holographic organizations are involved in the evaluation of venture which are, or have the potential to be, either holographic of ideographic hybrids. The third study investigates the effect of individual-level attributes on assessments of venture hybridity in investment decisions using experimental data collected from 154 individual investors in the impact and VC investment industry. These investors include individuals from hybrid and non-hybrid investment practices, including both commercial and social investment firms. Table 13 summarizes this theses chapters, research questions and contributions.

Taken together, these studies shed light on how an important, yet overlooked actor in social-commercial organizing makes decisions, how its decisions shapes hybridity and performance in other firms, and how the individual attributes of decision-makers within such organization influence hybridity in decision-making. In doing so, this thesis expands scholarly understanding of identity duality in established and emerging organizations.

An extended summary of each study, its implications for the scholarly literature, and its implications for practice are included in the next section.

---

[26] Holographic and ideographic organizations are defined under point four in the prior section, "Summary of research motivation."

	Title	Chapter RQs	Main contributions
Chapter 1	Why study identity duality and investor decision-making?	Why study identity duality and investor decision-making?	- Literature review of social-commercial identity duality in organizations - Offers logic of appropriateness a path towards integrating theoretical views on organizational duality
Chapter 2	Emergent research design	What were the goals of the research project?	N/A
Chapter 3	Investing in Hybrids: A Longitudinal Study of Social VC Investment Selection Criteria (Study One)	RQ1: How do SVCs translate their dual social and commercial identity into their own investment criteria?	- First fine-grained development of social-commercial hybrid fund selection criteria based on longitudinal analysis of *actual* investment decision data - First large sample study of social VC decision-making, based on 1,614 investment decisions - One of few empirical studies on investment decision-making of which analysis is based on both successful and failed investment outcomes (1,574 ejections) - Demonstrates how SVC evaluation of the same venture attribute helps the SVC inform both social and commercial potential
Chapter 4	Heart Money: How Social Investors Shape and Evaluate Social-Commercial Duality in New Ventures (Study Two)	RQ2: How do SVCs evaluate and shape duality in other (emerging) organizations?	- First ethnographic study of social VC decision-making - First inductive, longitudinal study of dyadic relationship between social-commercial hybrids - First illustration of strategies used by hybrids to intentionally shape and influence hybridity in another organization - Rare empirical study studying hybridity in firms prior to hybridity emergence - First illustration of the positive role of third-parties in developing hybrid identity - One of few empirical studies where main research subject is a holographic (integrated) hybrid organization
Chapter 5	From Both Sides Now: Microfoundations of Hybrid Decision-Making (Study Three)	RQ3: How do individual-level attributes affect hybridity in decision-making?	- Rare investigation of individual-level organizational hybridity antecedents - Demonstrates that the attractiveness of social, commercial, and hybrid venture attributes is moderated by decision-makers' mindsets - Largest experimental study of social investors
Chapter 6	Matters of hybridity	What are the implications of hybridity research?	N/A

Table 13: Summary of thesis chapters, research questions and contributions

Summary of Study One

Investing in Hybrids:
A Longitudinal Study of Social VC Investment Selection Criteria

The first study conducts an in-depth, exploratory, longitudinal case study of how an SVC translates its social and commercial identities into investment selection and evaluation criteria. The selected SVC offered four empirical advantages for conducting research in this space. First, it is a holographic firm that seeks to invest in other holographic social-commercial organization, a perspective rarely examined in the literature. Second, by evaluating hundreds of investment proposals from social-commercial organizations over five years, this firm developed considerable expertise in understanding the factors affecting performance in holographic forms of hybridity, making its perspective intriguing and informative (for a parallel, see: MacMillan et al., 1985). Third, data produced directly by an

SVC—pertaining to real investment decisions—offers access to data with high levels of internal validity and ecological validity, related to a large sample of early-stage social-commercial organizations—which prior literature has not yet had access to (Dacin et al., 2011; Gibbert et al., 2008). Fourth, the pool of investment proposals evaluated by this investor includes both accepted *and* rejected investment proposals from early-stage organizations. By also including younger companies that do *not* receive funding, their dataset reduces survivorship bias (Denrell, 2005). Finally, funding outcomes from this expert social investor provides a simple proxy for performance (Navis & Glynn, 2011; Ter Wal et al., 2016).

Drawing on the firm's detailed archival records, this Study One builds a database of 1,614 investment decisions made by the SVC over five years, including both *successful* investment outcomes (19) and *unsuccessful* investment outcomes (1,574).[27] Through inductive, iterative analyses of these qualitative data on a deal-by-deal basis, this study opens up the black box of SVC decision-making, identifying six categories of selection criteria used by the investor to assess investment proposals from a social and a commercial perspective, including 14 criteria of particular importance to the investor from a social perspective. Interestingly, while these criteria confirm prior literature's findings on minimum thresholds sought by other social and/or commercial investors, this study illustrates another way in which SVCs translates their dual social-commercial identity into its investment selection and evaluation process. The study demonstrates how SVCs use components of a venture's "objective" social attributes to inform its understanding of the venture's overall commercial potential (and vice versa for "objective" commercial attributes). Finally, an analysis of these criteria's application over time (e.g. over the due diligence-negotiation period) suggests that the social investor evaluation process is fundamentally different from the traditional investment process in the relationship that is formed with the investor.

These findings offer an in-depth, detailed understanding of social venture selection criteria, providing the first taxonomy of such criteria as derived from actual investment decisions. Moreover, they suggest that, counterintuitively, the SVC may not immediately be seeking a positive investment outcome when evaluating investment opportunities. This study indicates that, given the length of the SVC's engagement with "uninvestable" ventures (e.g., ventures not currently seeking equity investment), and the number of open-ended decisions made, the SVC is rather, evaluating its capacity to work with, and support the venture. From a research methods perspective, this study suggests that relying only on post-positivist methods to understand value-laden judgements are not sufficient, and that, still more inductive and social-constructivist approaches are also required. Practically speaking, for entrepreneurs, the

[27] And 40 proposals still under consideration.

number of venture rejections due to firm-specific preferences suggests that entrepreneurs should research and prioritize the general concept of venture-investor fit. Moreover, this study demonstrates that SVCs do take into consideration mission-related venture attributes, without necessarily viewing these as threats to the venture's commercial potential. Therefore, when approaching investors which appear to be socially-motivated, socially-motivated ventures should actively develop and articulate this component of their investment offer, and, if applicable, its commercial benefits.

Summary of Study Two

Heart Money: How Social Investors Evaluate and Shape Social-Commercial Duality in New Ventures

The second study uses the same firm to delve deeper into the question of how SVCs evaluate and act upon investment proposals, focusing on the inter-organizational interactions that take place between a venture's submission and the final investment outcome. Drawing on 25 months of ethnographic fieldwork, including seven consecutive months on the SVC's premises, I uncover five strategies, defined as "patterns in a stream of decisions" (Mintzberg, 1978; Mintzberg et al., 1976; Mintzberg & Waters, 1982, 1985) that the investor intuitively applied to engage with ventures that request funding from them. These venture-investor engagements affect the development of the new ventures' hybrid identity and their performance, as measured through funding outcomes (Navis & Glynn, 2011; Ter Wal et al., 2016).

Inductive analysis of a selection of transcribed interviews, fieldnotes, and other documents (Gioia et al., 2013; Miles & Huberman, 1994) revealed five strategies used by the investor to understand and shape the plausibility of the new venture's identity, defined as "the constellation of claims around the founders, organization, and market opportunity of an entrepreneurial entity that gives meaning to questions of 'who we are' and 'what we do'" (Navis & Glynn, 2011: 480). First, the study illustrates how the investor upholds its dual mandate by seeking investments in ventures which were more market-driven and growth-oriented than traditional nonprofits, but more socially conscious than traditional businesses, and therefore with the potential to have profound impact on social issues through profitable sales of its product or services (Höchstädter & Scheck, 2015; Rheingold, 2017).

In the first strategy applied by the investment firm, ventures which were assessed as having *extremely* plausible commercial and social claims in its emerging new venture identity were directly pursued by the SVC (provided that the venture also fulfilled the SVC's VC-focus and context-specific preferences, e.g., relation to portfolio, deal structure). Ventures with social claims with a strong level of plausibility, but commercial claims with a low level of plausibility, on the other hand, elicited a series of urgent, technical and iterative interventions this study refers to as *Tinkering* (Strategy 2). When successful, this strategy allowed the SVC to co-create investment opportunities not previously available to them.

In a third strategy, ventures with social claims with an average level of plausibility, but commercial claims with a strong level of plausibility motivated a series of less urgent, more cautious interventions on behalf of the SVC, intended to determine how close the venture's emerging identity was to the social cause, and consequently, the likelihood that this venture might develop a plausible (pro)social identity claim. This strategy is referred to as *Rapprochement* (Strategy 3). In its most successful cases, *Rapprochement* and *Tinkering* allowed the SVC to increase the plausibility of the evaluated ventures' emerging identities, co-creating attractive, investible social venture investment opportunities. However, while several cases where the SVC was unable to help the venture increase the plausibility of its emerging identity were emotionally challenging, at times, failure to increase the plausibility of the evaluated ventures' emerging identity helped the SVC to avoid investments in ventures at higher risk of hybridity collapse. In these ventures, the SVC believed, that hybridity would not be sustainable due to a risk we term, "Trade-off Hazard."

Finally, the SVC's two other strategies were applied to ventures with average levels of plausibility in their social and commercial claims. This pattern of engagement, referred to simply as "Be as helpful as possible," was less frequent, although still regular, and, notably, driven and maintained by the SVC (Strategy 4). While the SVC did not expect to create an investment opportunity from these ventures, they still wished to build rapport, and gained indirect investment- and non-investment-related benefits from this strategy. For example, our data interestingly suggests that these strategies helped the SVC to reinforce its own hybrid self-concept in a context that demanded many commercial-identity-dominant actions. Finally, ventures with very weak levels of plausibility in their social and commercial claims were *Filtered Out* (Strategy 5).

These findings have implications for early-stage investing, hybrid organizing, and entrepreneurship research. First, these findings suggest that offering time and attention *prior* to making a financial investment may be key to creating investment opportunities which perform well along both social and commercial dimensions. This stands in contrast to the dominant transaction-based relationships discussed in the general management and venture capital decision-making literature (Ghoshal & Moran, 1996). Indeed, the investment firm demonstrates that a less transactional approach—offering support to a venture *prior* to an investment decision, or, from the investor's perspective, prior to being allocated a place in the investment round—can provide investors access to exclusive deals and help improve performance via an enhanced venture-investor relationship.

Second, the findings imply that investors may be able to combine helpful behavior towards ventures which do not have a clear path to investment with activities that can still benefit the investor in the medium-term (e.g. from a public relation's perspective). Finally, our data allowed us to develop a model of how variance in new venture identity plausibility led to different engagement strategies on behalf of the SVC. These SVC strategies helped new ventures confront aspects of their emerging identity to the market, aiding both the venture and the Firm in evaluating the plausibility of the new venture's overall identity. Thereby, this study addresses the processes through which resource providers influence and shape new venture identity, suggesting that early intervention (at the startup stage) from competent and motivated third-parties may be key to creating a greater number of sustainable hybrid organizations.

Summary of Study Three

From Both Sides Now:
Microfoundations of Hybrid Organizing and Decision-Making

The third study of this thesis extends the literature on hybrid organizing by going beyond (mostly) firm-level research to investigate the *microfoundations* of hybrid organizing—how individual-level attributes shape social-commercial hybrid outcomes in decision-making. To gain a better understanding of the individual-level antecedents to hybrid decision-making in the context of early-stage investments, we investigate the role of individual *mindsets* in influencing the perception of hybridity attractiveness.

We do this by employing an experimental investment assessment exercise from the tradition of conjoint analysis, adapted to reflect and test findings from Studies One and Two. In this exercise, 154 investors at commercially-dominant, socially-dominant and hybrid firms were asked to make investment decisions based on a set of hypothetical venture proposals, resulting in a dataset of 3,388 hypothetical investment decisions. The social and commercial orientations of the investors' mindsets were captured using an adapted social identity scale (Sieger et al., 2016), while the hybridity of the investment decision was calculated based on the emphasis individuals implicitly assigned to individual venture attributes when assessing the overall attractiveness of a hypothetical investment decision.

The study's findings demonstrate that social and commercial orientations in decision-makers' mindsets moderate the relationship between venture attributes and the overall attractiveness of the investment decision. We found statistically significant findings that for individuals with socially-dominant mindsets, as the importance of the venture's social mission increases, and, as the hybridity of the venture's revenue model increases, the overall attractiveness of the investment decision increases.

Furthermore, this study found that there is a statistically significantly more positive relationship between the extent of the venture's social mission and its overall investment evaluation when mindsets are socially-dominant versus when mindsets are hybrid or commercially-dominant. We found the same result for the relationship between the hybridity of a venture's revenue model and its overall investment evaluation (a more positive relationship when mindsets are socially-dominant versus when mindsets are hybrid or commercially-dominant).

Regarding the relationship between a venture's commercial investment value and the overall investment valuation, this study found that when mindsets are hybrid, the slope for the commercial investment value and the evaluation of the investment decision was in fact significantly more positive than the slope created when mindsets were socially-dominant versus when mindsets are hybrid (no statistically significant finding in relation to individuals with commercially-dominant mindsets).

These findings have implications for strategic decision-making, hybrid organizing, and hybridity at the level of the individual. First, this study responds to calls to investigate the role of social orientation in decision-making by offering evidence on how social orientation within individual mindsets systematically shapes investment decisions related to hybridity, through the specific venture attributes (Shepherd, 2015; Shepherd et al., 2015).

Second, while the hybrid organizing literature offers rich insights into the behavior of social-commercial hybrid firms, and how managers embedded in these firms can shape organizational processes which maintain or break down hybridity in organizations over time, because the majority of this research does not provide counterfactuals, it is unclear to which extent the behavior of these individuals is driven by the organizational context or the individual's own mindset. In this study, we present 154 individuals the same 22 investment profiles designed in a simplified way in order to better generalize across settings. What we find is that differences in the attractiveness of investment decisions is significantly affected by, not the proposal itself (since all respondents received the same set), but the goals, frames of reference and values held by individual decision-makers. The importance of individual-level attributes suggests that tensions often associated with hybrid organizing, may not be due to the structure of hybridity itself, but rather, the recruitment and assignment of specific individuals to specific roles within the organizations.

Third, while the social investing literature offers rich insights into the behavior of social investment firms, we extend this research by investigating data on investment decisions made by individuals in those firm. Interestingly, despite the fact that 52% of our sample indicated that commercial returns were the main priority of their firm, 73% of our sample were classified as general social-commercial hybrid. This opens up discussions on the conditions which enable individual hybridity to be expressed in organizational contexts, and how work-related organizational contexts enabling hybridity expression contrast with non-work-related organizational contexts which enable the expression of hybridity. Moreover, this study sheds light on the different types of hybridity which may exist in an individual.

Thesis document structure

This last section details the structure of this thesis.

In the following chapter, Chapter 2, I provide a summary and overview of the emergent research design, and the philosophical research perspectives adopted in this thesis.

In Chapter 3 is the first empirical study in this thesis, titled "Investing in Hybrids: A Longitudinal Study of Social VC Investment Selection Criteria." This study investigates how SVCs translate their dual social and commercial identity into their own investment criteria on a deal-by-deal basis.

Chapter 4 is the second empirical study in this thesis, titled "Heart Money: How Social Investors Shape and Evaluate Social-Commercial Duality in New Ventures." This study investigates how a social-commercial hybrid fund, an SVC, evaluates and shapes duality in other (emerging) organizations.

Chapter 5 is the last empirical study in this thesis, titled "From Both Sides Now: Microfoundations of Hybrid Decision-Making." This study investigates how individual-level attributes affect hybridity in decision-making.

Chapter 6 summarizes the empirical findings and discusses practical implications of this research.

All following chapters can be read independently. All necessary contextual information is contained within the chapters.

Chapter II

Emergent research design

II. Emergent research design

- Designing and developing research with the goal of being useful

Do not worry if you have built your castles in the air. They are where they should be. Now put the foundations under them.

— Henry David Thoreau

Every day is a winding road / I get a little bit closer.

— Sheryl Crow

Introduction[28]

This chapter provides a brief overview of the research process which led to the research design of the thesis, notably, the order of the three empirical studies presented. In the first section, I describe my initial research interests and research goals. In the second section, I detail the research process I took to pursue these interests. I describe how, during this process, I discovered theoretical constructs that provided a lens I was able to adapt to better understand and study my phenomena.

In the last section, I present an overview of research activities pursued and comment on the philosophical and epistemological perspectives adopted in each study, as well as the overall work. In this last section, I follow the practice of reflexivity (Corbin & Strauss, 2008; Finlay, 2002a), addressing the role and impact of the researcher in the research process, a practice indispensable to effective research (Calas & Smircich, 1999).[29]

This chapter is intended to be brief. For more details on the research design of each study, please refer to the methods section in the respective chapters in which each empirical study is presented. These begin in Chapter 3.

---

[28] This chapter represents the author's own work.

[29] I am indebted to Matthias Finger and Guido Palazzo whose courses helped me develop and come to terms with the lens through which I see the world.

Research goals

The goals of this thesis are fourfold: two practical and two research related goals which unfolded as the project progresses.

The first goal of the thesis is practically motivated; interest in furthering the fields of entrepreneurship, innovation, economic development and prosocial organizing. The second goal is broader, driven by praxis (Steffy & Grimes, 1986), intended to improve the social system we find ourselves in. In any powerful, unitary discourse, many other narratives are lost. The thesis became a pragmatic effort to shed light on lesser discussed topics, to reveal values hidden in what is considered amoral, neutral, non-ideological or normal and to consider social outcomes within and outside of the firm as "ends in themselves" (Kant, Wood, & Schneewind, 2002), rather than as means for further profit generation, or revenue growth for growth's sake.

The research-related goals are as follows. The first research-related goal was to pursue *verstehen*, an interpretive, naturalistic understanding of the entrepreneurial and managerial phenomena based on human experience (Lindlof, 2008). Conversely, the second goal was to build testable hypotheses from these experiences; to build on these understanding-oriented experiences (and the experience of others) to create generalizable (and falsifiable statements) with the potential to contribute to broader theories in social science (Popper, 1985). From these statements, I join scholars in pursuing *erklären* and developing causal explanations for phenomena (Lindlof, 2008).

Goals one and two are discussed in this section, while research goals three and four are explained in the following two sections.

Goal 1: Exploratory readings driven by a practical interest

Social ventures—new firms or organizations that combine a social welfare mindset with a commercial mindset—were of great interest to me even before pursing this PhD, having worked with entrepreneurs leading such initiatives in startups, non-profit organizations and multinational corporations.[30] By 2013, I had developed an interest in how privately organized action (i.e., private initiatives and collective action) could help provide basic, or essential goods and services (e.g., water, education, energy) to marginalized populations. I became interested in Base of the Pyramid models (intended to serve those at the "base" of the global socioeconomic pyramid) and wished to discover how these could operate most efficiently and effectively. I began to see that there were different industries and revenue models that may be more conducive to venture

[30] For an in-depth description of social ventures see the following section in Chapter 1: social ventures as social-commercial hybrid organizations.

success than others. Privately organized action seemed to be a promising solution to established, institutional, and often unsuccessful initiatives (Collier, 2008; Easterly, 2006; Moyo, 2009). I wanted to better understand the conditions that enable private social initiatives to be successful, as a complement or alternative to current solutions.

In 2014, my advisor, Marc Gruber suggested that I look at the funder's perspective as a way to better understand which venture attributes might be indicative of fundraising and potential longer-term success. Marc suggested conjoint analysis to understand investor decision-making. This was a method he had used before, and it seemed to be a particularly promising way to overcome multiple cognitive and methodological limitations (e.g., recall errors, impression management, etc.), and to understand how social investors—the funders of social ventures—truly make investment decisions (Franke, Gruber, Harhoff, & Henkel, 2006, 2008; Gruber, Kim, & Brinckmann, 2015). Recent work has specifically called for the use of conjoint analysis to better understand how investors in double- or triple-bottom line investing trade off different venture criteria (Lohrke et al., 2010).

However, for a conjoint experiment to be successful, "the key is to identify what information is critical to the decision being studied" (Shepherd & Zacharakis, 1999: 207). I had an idea of what these criteria might be from my professional experiences and the literature but had also collected numerous conflicting samples and was sensitive to the "immature" nature of the industry. I wrote in my initial research proposal,

> *Fragmentation of the market compounds issues with the market's immaturity, the lack of market infrastructure, and the mismatch between supply and demand (Freireich & Fulton, 2009). Social ventures and investors alike have to make up for the lack of legal, banking and information services usually present in developed capital markets (Simon & Barmeier, 2010). However, even in more developed markets, impact investment suffers from the challenges of being in between two established institutions (philanthropy and commercial finance). This is reflected [at times] in securities regulations which are misleading when applied to the smaller and riskier impact investment. Investors also claim there are not enough entrepreneurs launching social businesses, [to enable] a few to succeed, and allow investors to continue to invest in small ventures down the line. The lack of coordination prevents investors from successfully exiting by selling off shares to larger funds. Experts fear there may be a chicken and egg issue of investors staying away due to lack of successes, and low successes due to low numbers of investors (Center for Global Development, 2010).*

My plan was to conduct fieldwork and semi-structured interviews with social investors and informants in order to design my conjoint experiment, asking them to make retrospective judgments about their evaluation and investment selection process. I attended related industry and academic conferences to this aim (see Figure 13 for an overview of research activities conducted during the dissertation).

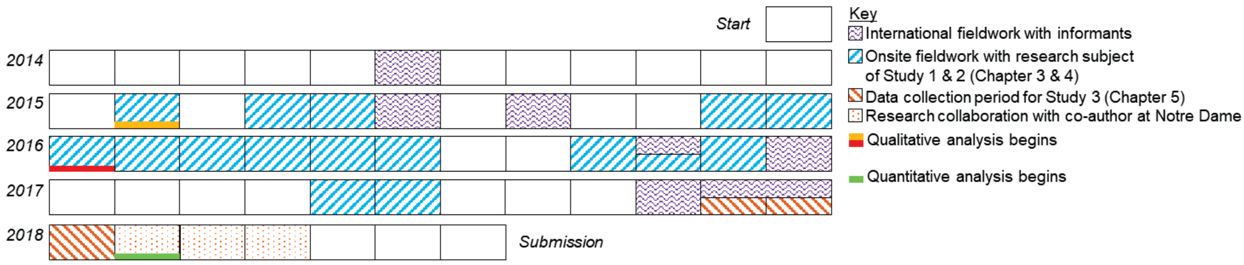


Figure 13: Overview of research activity during dissertation

Goal 2: Topic selection as an attempt at praxis

I recognize that all human behavior is embedded in a historical context and driven by individual motivations, and that I cannot truly escape my historical situation. However, I can exercise my own judgement given my limited vantage point on what might be more or less "useful" (Freeman, 2004; Rorty, 1981) and continue to critically reflect on my stance, including whether my research assumptions are really good or bad for practice (Ferraro, Pfeffer, & Sutton, 2005; Ghoshal, 2005; Ghoshal & Moran, 1996). To allow the reader to do the same, I present reader with more data on the context in which this research was carried out. These excerpts (including the cover letter sent to my supervisor when I applied for this job, in Appendix C) are not presented as proof affirming or rejecting the objectivity of the researcher, but as an indication of the reflection process I have taken to understand my own "historical vantage point" (Gadamer, 1989: 302) and its limitations.

The following is an excerpt from a reflection written for a course two years into this research project. It reflects my own motivation to pursue praxis, edited for clarity,

> *If I must be biased, and have a choice in my bias, then I choose to side with research which promotes the betterment of society. By choosing this side, I hope to have provoked the other (Horkheimer, 1972: 229), encouraging scientific discourse – in this case, around the possibility of more organizational pluralism in our current economic system. On one hand, I hope that the commercial activity of the socially-motivated ventures which I study will help firms and individuals with commercial ambitions, also consider the obligations we have to each other as fellow members of society, as well as, what larger, socio-political role entrepreneurship can play in society. What might today's firms look like if we prioritized outcomes in what Habermas (1965) referred to as our practical world rather than the*

most immediate goal our legal form or governance incentivizes (e.g., commercial-profit for for-profit firms)? How should management and public policy facilitate and guide the creation of prosocially-motivated, commercial ventures?[31]

On the other hand, I hope the prosocially-motivated, commercial ventures can also challenge individuals in traditional charitable sectors to reconsider what truly constitutes positive social activism, civic duty and civic responsibility? What organizational form can it take? As the legitimacy of numerous institutions wane, and old values take on new skins, this research project asks what a more pluralistic approach to achieving positive social outcomes may look like.

I ask myself if illustrating how for-profit structures can achieve social outcomes facilitates opportunistic behavior from singularly profit-orientated individuals (Williamson, 1979), e.g., through "social-washing" or "green-washing." Am I strengthening an abusive system by working within it, or am I, through praxis, making small, incremental changes which will one day influence a larger system? However, I do not let the act of being critical prevent me from trying or producing anything. With the means I have, this project naively seeks hope, harmony, progress, and increased utility for humanity (Steffy & Grimes, 1986). I expect to soon to find my assumptions and reality were false but look forward to learning from the knowledge that I was wrong and continue to expand my vantage point.

Identifying a theoretical and empirical context

As mentioned, although this research had practical goals, it also sought to pursue interpretive understanding and contribute to testing and developing causal explanations for phenomena (Lindlof, 2008). However, when this project began, I had no specific theoretical empirical setting for my research. In this section, I explain the theoretical lenses which I investigated prior to discovering a more suitable fit, as well as how I identified a suitable empirical setting wherein to collect data.

Socio-cognitive beginnings

My original motivation to contribute to the practice of social venturing led me down several research paths before I discovered investor decision-making. I read research on opportunity identification in

[31] In fact, countries have introduced a legal form which allows for-profit companies to include social welfare-oriented activities, in addition to its commercial goals. An independent study found that these benefit corporations—the name of this legal entity in the United States—has grown exponentially since 2010 (Bannon, 2015).

established firms, entrepreneurial, and innovation contexts (Afuah & Tucci, 2012; Felin & Zenger, 2014; McMullen & Shepherd, 2006), microfoundations of organizational design (Csaszar, 2012; Felin & Zenger, 2014; Puranam et al., 2014; Puranam, Singh, & Chaudhuri, 2009), prosocial organizing (Grant, 2012, 2013), as well as, of course, research on social entrepreneurship (Austin et al., 2006; Dacin, Dacin, & Matear, 2010; Dacin et al., 2011).

Since I had begun the research process by adopting a cognitive perspective to the social venturing phenomenon (Fauchart & Cowan, 2013; Miller et al., 2012)—as is the predominant practice in entrepreneurship research (Shane, 2003; Venkataraman et al., 2012)—it was not until much later in my dissertation process, through my inductive work (presented in Chapters 3 and 4), that I began to see this research as a potential illustration of what is referred to as hybrid organizing (Battilana et al., 2017; Battilana & Lee, 2014), or organizational duality, in the literature (Ashforth & Reingen, 2014; Smith & Besharov, 2017). The following figure (Figure 14) illustrates the original theoretical toolkits I had at my disposition, and my vantage point in the middle of my dissertation research process (Freeman, 2004; Rorty, 1981).

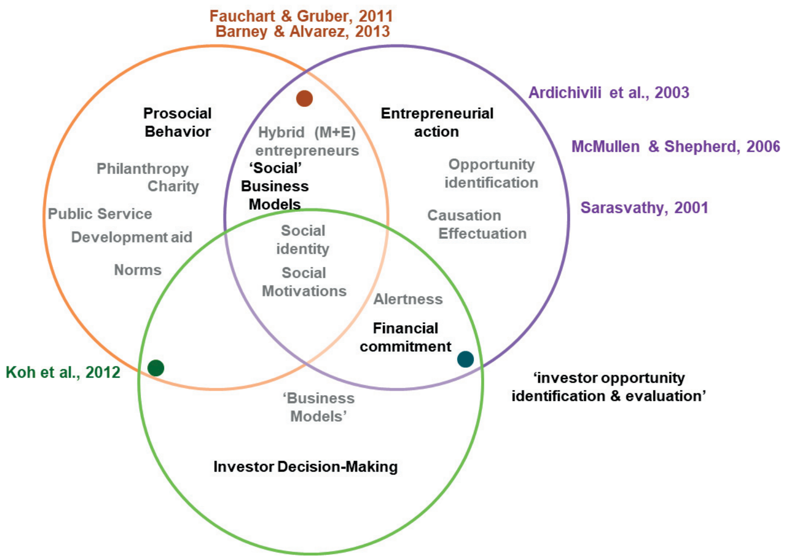


Figure 14: Example of an early attempt to plot research interests

Introduction to empirical research setting

After over a year of interaction with different social VCs at various impact investing and social entrepreneurship conferences, I developed a relationship with several firms whose dual commercial-social identity, multi-industry focus, and investment experience with early-stage companies made them ideal candidate partners with whom to explore the evaluation and investment selection processes of social VCs. In late 2015, in collaboration with Marc, I formally presented a research proposal to one social VC based in a major city in Western Europe whose stated purpose was to invest in early-stage, high-potential businesses seeking to generate not only compelling financial returns, but also societal returns ([Redacted], 2016a). Our proposed research question revolved around the idea of venture qualities and investment processes which would indicate to an SVC that it had identified a promising venture, *What must happen, what must come to light, be discussed, or be understood before a prosocial investor believes that a venture is sufficiently promising to invest in?* and we proposed grounded, ethnographic methods to pursue this research question.

Emergence of a theoretical lens

Although this thesis is situated in the literature of organizational identity and identity duality (Battilana et al., 2017; Pratt, 2016), this study was originally motivated by phenomenological curiosities. As mentioned at the end of Chapter 1, inspired by the practical implications of research in this field, this thesis responded to these calls for more research on social venture capital decision-making by pursuing the following research question (RQ):

> *By which criteria and processes, do social venture capitalists (SVCs) identify promising social venture investments?*

Over the course of inductive fieldwork, this practically-oriented question evolved to:

> *How do social venture capitalists (SVCs) select and evaluate investment proposals?*

In the early stages of this thesis, as recommended by scholars who conduct inductive research, I was unaware of the details of the debates in the literature on organizational duality (Suddaby, 2006). I began broadly with the view of SVCs as boundedly rational actors evaluating social ventures through information processing techniques (Simon, 1955, 1979). Since SVCs have a social mandate, as well as a fiduciary responsibility to provide a financial return to their investors, I became interested in the evaluation framework that they developed to understand and assess the likelihood of conflict, sustainability, and performance in hybrids. The original motivation was; if we are able to understand how hybrid organizations evaluate the relationship between social and commercial outcomes, then we may be able to contribute to a better understanding of how organizations can manage and overcome drawbacks in the joint pursuit of multiple goals, yet we did not perceive SVCs as "hybrids."

However, after establishing a research partnership with an SVC, and analyzing data on their evaluation processes, it became clear that the SVC was not simply enacting a prosocial mandate in a commercial context, but rather the SVC's hybrid organizational self-concept was an important part of the way in that it defined and evaluated its behavior. These findings led me to situate my study in the context of organizational identity and shift our analysis to the following, theoretically-motivated question.

> *RQ: How does social-commercial duality affect new venture evaluation and investor decision-making?*

Situating this thesis in the theoretical setting of organizational duality fit well with its capacity to explain the phenomena of interest, its capacity to lead to useful research, and its theoretical interest to the management research community. Moreover, this theoretical lens highlighted "unanswered questions, unexplored areas" and "areas of low agreement" in the literature (Edmondson & McManus, 2007: 1156) that such research would have the potential to address. More detail is included about the emergence of this theoretical framing in Chapter 5's analysis section.

Identifying a philosophical knowledge framework

Philosophy makes progress not by becoming more rigorous but by becoming more imaginative. —Rorty and Rorty (1998)

In keeping with the dual aim of this thesis, to pursue *verstehen* (interpretive understanding) and *erklären* (causal explanation) (Lindlof, 2008), I employed different philosophical and epistemological approaches across my three empirical studies. I begin by offering propositions and models inductively derived from observations of patterns in the world (Delanty & Strydom, 2003), which I follow up with a deductive approach, employing falsifiability as a way to determine the "explanatory potential" or "predictive adequacy" (Bacharach, 1989) of my inductive findings (Popper, 1985).

Study One: Investing in Hybrids — Grounded, post-positivistic approach

Although this study began in an exploratory and inductive fashion, seeking to understand how social VCs select and evaluate investment proposals, the perspective of reality I adopted in this paper was that it was knowable, objective, and measurable. I entered our research setting with the desire not to "intervene," "bias," or "alter" the setting where I conducted my observations and measurements. The presence of the researcher is seen as potentially disruptive. This post-positivistic view aligns with the scientist's view of reality, a process of knowledge discovery that depends on the accuracy and unaffectedness of measurement instruments. In this same vein, emotions, intuitive processes and interpretations are viewed as untrustworthy.

One reason perhaps why I took this approach was due to the strong norms of quantification present in the financial research setting. Evidence of this perspective can be seen in the way I assure the reader that the information in documents I collected were not driven by my questioning. Other evidence of this perspective can be seen in the reliance on a second coder, to verify the replicability, reliability (and by proxy, the objectivity) of my coding. Interestingly, despite the post-positivistic approach, the inductive nature of the research process allowed me to find patterns in the data that suggested a less objective view of venture attributes (I was studying the evaluation of venture attributes). In particular, the dualistic investment firm studied interchangeably applied a commercial-value-laden lens and a social-value-laden lens to interpret an "objective" venture attribute (i.e., existing in the real world).[32] In this sense, the "true" nature of the venture attribute is less important, since the perspective of the SVC assigns or "gives" value to that which is being observed—thereby, constructing reality. These emergent findings helped to motivate the adoption of a more social constructivist research approach in the second study, which builds on this study's emergent findings.

Study Two: Heart Money – Inductive, naturalistic, in-depth case study

Analyses in Study One informed the ontological view targeted in Study Two, which is the view of reality as socially constructed. In this study, the goal was to pursue verstehen, an interpretive, naturalistic understanding of the entrepreneurial and managerial phenomena (Lindlof, 2008). This goal reflects the importance that I place on experiences, observations in the real world, and the indispensable role of my human cognition—in concert with others in my social field—in making sense of reality, as described by Neurath (1929) (Delanty & Strydom, 2003).

As such, this view of reality led to inductive, qualitive research methods illustrated by Gioia et al., (2013) and Charmaz (2008). This approach allowed for the understanding of duality and hybridity to emerge from the data. Moving between our data and the literature, I was also able to identify parts of the data relating to the venture identity plausibility assessments referred to by Lounsbury and Glynn (2001) and Navis and Glynn (2011).

---

[32] The term dualistic refers to the dual nature of the organizational identity.

Study Three: Both Sides Now – Testing theoretically derived, causal statements

As mentioned, the idea to conduct a deductive test of criteria favored by SVCs developed very early on in the research process, inspired by Marc's suggestion.[33] However, after investigating the targeted method—conjoint analysis—I discovered that for this technique to be effective, the criteria to be tested in the conjoint experiment needed to be core to the decision-making process. Without this, results of the conjoint experiment would not be reliable. Yet, consultations with the literature revealed that the key criteria used by social investors was contested. Therefore, this study was conducted last, only after a considerable portion of the analyses in Studies One and Two had been completed, and key dimensions could be derived from data collected from key informants (see Appendix I for a short-list of criteria considered). Insights from these qualitative data revealed gave the co-authors of this paper and I the confidence that the dimensions selected would adequately represent the overall decision-making criteria and processes of SVCs. Moreover, in a way, this experimental test would provide an indirect quantitative test of the inductively derived insights from Studies One and Two. Finally, these would indicate the generalizability of these findings.

Study Three, as with Studies One and Two, was developed based on the assumption that a better understanding of how the world works is possible, and that it is only a matter of collecting enough evidence and analyzing it (Friedman, 1953). While philosophical perspectives on what constitutes as acceptable data and adequate data analysis methods still vary, this thesis operates on the assumption that both inductive and deductive methods are necessary for progress in social science research. Neither method is superior and in fact are deeply related. One scholar whose name currently escapes me points that in one case, the researcher quantifies qualities (quantitative research), while in the other, the researcher qualifies quantities (qualitative research). However, they should be applied according to the degree of theoretical maturity of the phenomena being studies (Edmondson & McManus, 2007). Despite knowing the limitations of the scientific method (Lakatos, 1970), since there is no such thing as "truthifiability" (yet?), this study develops testable hypotheses from the literature and our prior fieldwork and tests them.[34]

[33] Conducting a conjoint analysis was a large component of my research plan, presented to members of my Candidacy Exam committee roughly one year into my research process, on November 25, 2014. In this mandatory exam imposed by the EPFL doctoral school, I was tasked with presenting my plans for my PhD research.
[34] Excerpts of respondent comments in Chapter 5 were *not* used to develop these hypotheses.

Chapter III

Investing in Hybrids:
A Longitudinal Study of Social VC Investment Selection Criteria (Study One)

III. Investing in Hybrids

- A Longitudinal Study of Social VC Investment Selection Criteria (Study One)

Social Venture Capitalists are "VCs first that intend to generate market-beating financial returns because of, not in spite of, a [social] impact-oriented investment thesis."

— Ted Rheingold (2017)[35]

Introduction[36]

In 2011, sportswear company Patagonia simultaneously confused and delighted readers when it took out full-page ad in *The New York Times* with the headline "Don't Buy This Jacket" (Knafo, 2015). Underneath the bolded title was a photo of one of the company's best-selling jackets, and a description of its production byproducts (e.g., the jacket required "135 liters of water" to produce and created at least 24 times its weight in waste during transport) (Patagonia, 2011). Bloomberg.com called the ad a "confusing and effective campaign to sell stuff" (Stock, 2013). *The New Yorker* found the marketing strategy "confounding" (MacKinnon, 2015). But in the following years, Patagonia brought in 414 million USD in sales (Stevenson, 2012), doubled its scale of operations, and opened forty new stores worldwide (MacKinnon, 2015).

Businesses like Patagonia, along with new studies singing praises of the competitive financial performance of ethical funds (Tasman-Jones, 2015; Wall, 2013), provide compelling evidence that companies can achieve commercial success alongside bold social or environmental action (Cambridge Associates & The Global Impact Investing Network, 2015). This claim has not gone unnoticed by the proliferation of both private and public capital seeking to "back the next Tesla or Patagonia" (Kolodny, 2017). One report estimates that these *impact investment funds*, whose investment logic equally blends both financial and social/environmental identities or logics (Miller & Wesley II, 2010; Nicholls, 2010), will

[35] The term "social VC" is used in this thesis is used to refer to what Ted Rheingold and a growing number of practitioners refer to Impact VCs.
[36] Data collection and analyses in this study were led by the author of this thesis. The author benefited from the help of a second coder in Phase I of the analyses, as well as from constructive comments from colleagues. Thank you especially to Marc Gruber, Christopher Tucci, and Julia Binder for their comments. All errors are the authors' own.

manage 500 billion to 1 trillion US dollars in assets by 2020 (Acumen Fund & Monitor Institute, 2012).[37] Another report estimates that, since 2010, *social venture capitalists* have raised 10 billion USD to invest[38] in *social ventures*—early-stage companies that use commercial revenue models to pursue social and/or environmental missions (Randjelovic et al., 2003; Rheingold, 2017; Santos et al., 2015).

What is striking about these investors is, as cited at the beginning of this document, they believe that a positive relationship between social responsibility and financial profit is not only possible but may be key to financially outperforming investors with a singular commercial focus ([Redacted], 2016b). However, while impact investors—which tend to be later-stage investors—are increasingly studied in the literature, social venture capital—which focuses on the early-stage—has, with a few exceptions, been rarely discussed (Miller & Wesley II, 2010). Even when using similar terms to describe the crossover of different logics (e.g., "philanthropic venture capital"), these terms, used by scholars—and practitioners—still refer to different things. For example, philanthropic venture capital refers to early-stage investing which takes commercial considerations into account, but *prioritizes* social outcomes (Mair & Hehenberger, 2014; Scarlata & Alemany, 2010; Scarlata, Gil, Zacharakis, & others, 2012)—i.e., while there is variability in commercial return expectation, social outcomes are a constant focus (Freireich & Fulton, 2009).[39] Alternatively, the literature on funders who place social and commercial concerns on equal footing refer mostly to later-stage investors (The European Venture Philanthropy Association, 2016).

Indeed, it is puzzling why, as the number of impact investors continues to rise—counting celebrity influencers like Bono and Al Gore among their ranks (Fallows, 2015; Sorkin, 2016)—the literature has primarily focused on the breadth of terms and definitions which abound across firms, rather than looking at the diversity of criteria present within a set of firms (Nicholls, 2010; Perrini & Vurro, 2006). As a result, there is much we still do not understand about how the combined goals of social impact and financial return manifest in investment practices, particularly on a deal-by-deal basis. Thus, the goal of this study is to begin to open up the black box of decision-making by investors espousing a commercial-social hybrid identity, starting by conducting a deep dive into the decision criteria *actually* used by social venture capitalists (SVC) to select and evaluate investment proposals. Intrigued by how the hybrid, or blended identity of impact investors manifests in their investment practice, we ask:

---

[37] For reference, this is five to 10 times the amount of overseas development aid in 2008 (Yasmin, 2009). The MoneyTree Report estimated venture capital investment in the United States in 2015 at over 58 billion USD (National Venture Capital Association, 2016).

[38] Patagonia itself—still privately owned—manages a corporate venture capital fund that invests in "start-ups that offer solutions to the environmental crisis" (Tin Shed Ventures, 2018).

[39] Another related term, community development venture capital, refers to "the use of venture capital investing principles to finance small businesses in inner cities and depressed rural areas" (Jegen, 1998: 188).

How do early-stage impact investors (i.e., social venture capitalists) select and evaluate investment proposals? [40]

Moreover, we believe that answering this question could contribute to a larger scholarly debate on the cognition of hybrid organizations—organizations that jointly adopt dual "identities" (Albert & Whetten, 1985; Glynn, 2000), "organizational forms" (Tracey et al., 2011), "logics" (Battilana & Dorado, 2010; Pache & Santos, 2013), or other "core organizational elements" that would not normally be expected to go together (Battilana, Besharov, & Mitzinneck, 2017).

To understand which constructs are important in the investment selection and evaluation process of social-commercial investment funds, we adopted an in-depth, exploratory, longitudinal case study design of a social VC—a type of impact investor which makes equity investments in early-stage *social ventures*, or, young, growth-oriented companies which rely on commercial revenue models to pursue social and/or environmental missions (Randjelovic et al., 2003; Santos et al., 2015; Yin, 2013). We negotiated access to five years of archival data documenting actual decision-making from a social VC based in a major city in Western Europe. Drawing from this real-time data—produced at the time each investment decision was made—we identified 1,614 unique venture investment decisions made by this investment fund, which we matched to seven inductively derived categories of selection criteria.[41]

Inductive analysis revealed that the VC rejected investment proposals using traditional VC criteria found in the VC literature, related to the attributes of a venture's product or service, target market, revenue model, or team (Petty & Gruber, 2011; Riquelme & Rickards, 1992; Shepherd, 1999; Zacharakis & Meyer, 1998), which we detail in our findings. But it also rejected ventures using other *exclusionary* criteria—related to the Firm's specific mandate (e.g., no international deals, no deals outside of thematic focus areas)—as well as, *circumstantial* criteria—related to the practicalities of closing a deal (e.g., failure to negotiate an investment ticket).

At first, these social mission and circumstantial criteria—which the literature refers to as "VC-specific" criteria (Petty & Gruber, 2011)—did not appear related to traditional VC criteria. However, additional analyses of criteria related to the venture's espoused social and/or environmental mission revealed that these social-mission-related criteria also serve as a lens that *informs* traditional VC criteria. We find detailed evidence that the Firm adopts alternative lenses to view the same attribute in their selection and evaluation process, likely due to the VC's view of mission-related venture attributes as linked to commercial success. These findings

[40] In this chapter, the use of the term investor refers to the investment firm as an organization. Analyses are at the level of the firm.
[41] The remainder of this chapter will refer to the SVC studied as "the SVC," "the Firm" and "the VC" interchangeably. The terms "venture," "proposals" and "deal" will be used to refer to the young companies in the investment proposals *reviewed* by the social VC.

demonstrate the specific ways in which investors simultaneously pursuing two goals translate their dual purpose into selection and evaluation criteria.

We provide a brief overview of existing research on social investors, followed by an overview of the study's research design. Next, findings from the study are presented, followed by theoretical and practical implications, as well as suggestions for further research.

The emergence of social investors

Theoretically-driven research on social-commercial organizations has developed significantly in the past few decades (Battilana & Lee, 2014), building on pioneering conceptual (Miller et al., 2012; Nicholls, 2010) and smaller-*n* empirical studies (Dacin et al., 2011). The majority of research on social venturing has focused on the social enterprise itself, its founding team, and social goals (Fauchart & Gruber, 2011; Powell & Baker, 2017; Short et al., 2009). Yet, despite the importance of early access to resources for young companies (Baum & Silverman, 2004; MacMillan et al., 1985; Starr & MacMillan, 1990), research on the preferences and fundraising processes of social investors lags behind practitioner research in terms of productivity (Daggers & Nicholls, 2016; Höchstädter & Scheck, 2015). This means we know little about the social venture fundraising process from the investor's perspective. In fact, numerous scholars call for research on decision-making that combines social motivations with commercial goals (Shepherd, 2015; Shepherd et al., 2015), particularly in the social investing context (Austin et al., 2006; Nicholls, 2010; Short et al., 2009: 181).

This study takes an interest in a subset of *impact investors* we refer to as *social VCs*. These firms are for-profit investment firms that make equity investments in early-stage companies, intending to "generate market-beating financial returns because of, not in spite of, an impact-oriented investment thesis" (Rheingold, 2017).

However, since research on social VCs is scarce, this section presents an overview of the broader literature on two types of investors: *social investors*, investors who integrate social considerations into their investment activities; and *impact investors*, a subset of social investors who embrace financial and social impact investment goals with equal fervor. Figure 15 illustrates the overlap of investors of interest to this study.

Before covering the literature's stance on the precise methods social investors use to make investments, we situate our discussion into the field of social investing. Social investing can be seen as a byproduct of increased pressure on two ends of the investment-philanthropy spectrum (Daggers & Nicholls, 2016), similar to the pressures which led to the popular rise of social ventures, which we detail below (Battilana & Lee, 2014).

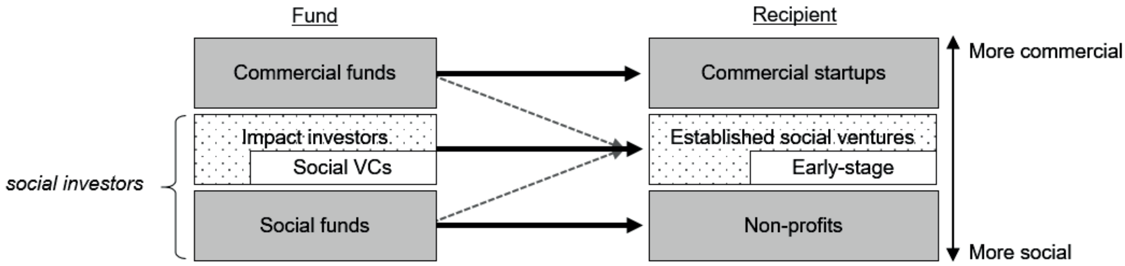


Figure 15: Visualization of ideal investment targets and investment target overlap in the investor-philanthropy fund spectrum

On one end, among the social funds depicted in Figure 15, scholars argue that philanthropic practices have shifted due to external pressure to justify funding behavior from the perspective of finance and efficiency. Namely, the section has received increased criticism of the charitable industry's inadequate prioritization of resource efficiency or the long-term (financial) sustainability of their grantees/investees. The literature depicts past donors in the charitable funding sector as responding to increasing demands along the project management and social performance evaluation framework, from measuring financial *input*, to the *activities* funded, to the goods and services produced ("*output*"), to the effect of these goods and services on the beneficiary ("*outcome*"), to the broader community or society level *impact* (i.e., input-activities-outputs-outcomes-impact) (Ebrahim & Rangan, 2014).

The literature suggests a shift from initial monitoring and evaluation on financial "input" to charitable projects only (Ebrahim & Rangan, 2014), to perhaps, whether these financial grants were actually spent by the grantees they were addressed to (i.e., managerial accountability), for which "activities" and at times, to which ends (i.e., Which "outputs" were created? Were their funded programs effective?) (Letts et al., 1997). New pressures appear to force social funds on one hand, to go further down the line of consequences and take a more hands-on approach (Mair & Hehenberger, 2014; Scarlata & Alemany, 2010), while on the other hand, the demand for metrics has simultaneously influenced the funds to be more modest in the outcomes they aim for. For example, they are increasingly asked to explicitly address the (financial) viability, growth and scaling potential of their grantee/investee, and defend how (efficiently) they have been allocating their funds (Eikenberry & Kluver, 2004; Frumkin, 2003; Kendall & Knapp, 2000; McGoey, 2012).

On the other end, among the commercial funds depicted in Figure 15, traditional investors are also changing their practices due to external pressure to justify their funding behavior from the perspective of social welfare. The literature describes both "push" and "pull" factors. On one hand, stakeholders demand more from companies (Guay, Doh, & Sinclair, 2004; Matten & Moon, 2008; Walsh et al., 2006), pushing them to reconsider their activities, and seek new ways to incorporate social and/or environmental considerations into their practices. On the other hand, new evidence of competitive financial returns from socially responsible investments are drawing investors into the domain of investing with regards to social and/or environmental outcomes (Cambridge Associates & The Global Impact Investing Network, 2015; Tasman-Jones, 2015; Wall, 2013). As a result, the investment industry is being nudged to expand their original conception of fiduciary responsibility, taking it *beyond* profit-maximization at any (legal) cost (Friedman, 1970). Increasingly, investors are looking for ways to incorporate and integrate emerging social preferences into their practices (Jansson, Sandberg, Biel, & Gärling, 2014; Richardson, 2011), and offer their clients and limited partners social investments expertise alongside their more traditional offers (Sparkes & Cowton, 2004).

So, while the literature provides a comprehensive picture of investment selection criteria used when goals are singular, and suggests a trend towards the center, from both traditional commercial and traditional social funds, it is still unclear how the combination of social and commercial goals translates into selection criteria, particularly when tasked with evaluating ventures with little track record. In the following section, we highlight the specific unknowns related to espoused commercial and social investment preferences, their selection and evaluation processes, as well as potential reasons why empirical studies of this phenomenon have eluded researchers thus far.

Social investors and their espoused investment preferences

Perhaps due to challenges in negotiating access to finer-grained data from actual decision-making scenarios, research on the evaluation and selection processes of social investors tends to operate at a higher level of abstraction, depicting the social investor decision-making as similar to traditional investing, with the addition of broad filters (Daggers & Nicholls, 2016). For example, the literature describes social investors as using *exclusion* criteria ("filtering out") and/or *inclusion* criteria ("filtering in") (Irvine, 1987).

Social investors using the "*filtering out"* method (also called exclusionary or negative screening), are described as having selection and evaluation processes that resemble those of other investors. The main difference proposed is that these investors refrain from investing in (i.e., *exclude*) companies or industries that generate significant proportions of their sales from harmful products like alcohol, weapons, or tobacco (Freedman et al., 2016). This type of investing is often associated with later-stage funds such as Socially Responsible Investment (SRI) funds, whereby investment managers will invest liberally across all assets and public companies *except* in investments deemed to be harmful for the environment or society. The exact list of companies and industries may be expanded on or tweaked according to the preferences of clients or limited partners (Irvine, 1987; Yan et al., 2018).

Some SRI funds may implement a “best in class” approach in which they compare potential investment opportunities to competitors in the market (Randjelovic et al., 2003), while others may add an additional filter in which they invest only in firms that have set up environmental or social monitoring procedures (Avantage Ventures, 2011). Funds applying this additional filter (i.e., requesting reporting and governance data from their investees) are usually referred to as Environmental-Social-Governance (ESG) funds (Spiess-Knafl & Achleitner, 2012).

Social investors using inclusion criteria (“filtering in” criteria) invest only in companies or industries the Firm believes can drive measurable social and/or environmental outcomes alongside financial returns. Associated industries include the natural environment, clean energy, and education. While this is called “inclusion criteria” or “investment targeting” (Rudd, 1981), specializing in certain geographies or themes could also be seen conceptually as excessive filtering, refusing investments in other domains.

Although the concept of filtering provides useful cognitive aid for understanding social investor decision-making, the majority of the evaluation and selection process is not understood. Even if we consider applying inclusionary or exclusionary criteria to be a core step of the decision-making process, what happens before this? How does filtering occur? What happens after the criteria have been applied? What happens up until an investment has occurred? In the following section, we detail what is currently known about impact investors and their stated investment preferences.

Impact investors and their espoused investment preferences

Moving towards the center of the spectrum are impact investors, a subset of social investors. Impact investors define their investment as an impact investment with their *intention* to “do good” (Cambridge Associates & The Global Impact Investing Network, 2015; Freedman et al., 2016).[42] This intentional decision to invest *in order to* fund specific “positive outcomes” is a defining feature of the impact investing phenomenon, since most would agree that most forms of investment inherently have positive and/or negative impacts (Impact Management Project, 2017; O’Donohoe et al., 2010).

[42] Terms include blended value investing, double-bottom line or triple-bottom-line investing (Harold, Spitzer, & Emerson, 2007), community development venture capital (Jegen, 1998), developmental venture capital (Rubin, 2009), mission-driven investing (Kolodny, 2016), patient capital (Novogratz, 2010), philanthrocapitalism (McGoey, 2014), philanthropic venture capital (Scarlata & Alemany, 2010), social investing (Nicholls, 2010), social venture capital (Miller & Wesley II, 2010), sustainable venture capital (Bocken, 2015), or venture philanthropy (Healey & Hoyt, 2013; Pepin, 2005).

However, what the term “positive outcomes” entails varies significantly (Daggers & Nicholls, 2016). According to the literature, impact investors aim to generate “social,” “social (or environmental),” “public benefits” or “benefits for society” (Chiappini, 2017; Höchstädter & Scheck, 2015); terms whose meanings cannot systematically be translated into specific social-mission-related investment selection criteria.

One prominent Silicon Valley impact investor uses the United Nations Sustainable Development goals as a framework for *filtering in* potential investees (Fifty Years, 2018), while industry associations such as the Global Impact Investing Network (the GIIN) develop comprehensive, quantifiable, and comparable metrics for investors to understand the social “outputs” and “outcomes” of their investments (Bouri, 2011; Brandenburg, 2012; Ebrahim & Rangan, 2014; Impact Management Project, 2017). However, for the most part, these measures are designed to track the performance of (investments into) social ventures in the post-investment and/or post-investment *decision* social impact measurement and management stage (Jackson, 2013). It is unclear to which extent standards such as IRIS and GIIRS (developed by the GIIN) are integrated into investor practices, particularly at the front-end of the process, the investment proposal evaluation stage (see Table 14 for an illustration of the existing literature). Moreover, in the social VC space, investment targets may have yet to establish product-market fit or the resources to track and report complex metrics. In general, few studies address how impact investors measure or test, at the pre-investment stage, for the ability of ventures to generate social outcomes.

On the commercial side, the same uncertainty prevails. Impact investors are credited with being more focused on measuring performance and progress than traditional funders of social organizations (Letts et al., 1997; O’Donohoe et al., 2010). We know some impact investors seek revenue-generating social ventures because their firm must eventually return cash to *their*[43] investors (Scarlata & Alemany, 2010). However, the literature has described impact investing as a “profitable investment activity,” as well as an activity that aims for financial returns ranging from “at least the return of the principal” to “principal to market return” to “below market to risk-adjusted market rate” (Chiappini, 2017; Evenett & Richter, 2011; Höchstädter & Scheck, 2015). Therefore, we do not know what is expected of organizations seeking financing from social investors, from a commercial performance and scalability perspective (Miller & Wesley II, 2010). Moreover, in the social VC space, the front-end of the investment process is characterized by the same lack of “hard facts, extreme uncertainty, and significant pressure” faced by early-stage entrepreneurs (Mueller & Shepherd, 2016: 465), making it unclear what

[43] We focus on this prominent business model, but financial expectations may differ depending on the social VC’s structure.

early-stage impact investors expect from a commercial standpoint in *actual* selection and evaluation contexts.

While the literature offers inconclusive remarks on what impact investors actually seek in their investments from a commercial perspective and from a social perspective, it is also unclear whether or not these demands are competing with each other—and how they might prioritize these demands in practice. Researchers suggest that some social investors will prioritize a certain outcome over another (Nicholls & Pharoah, 2008). For example, investors must either sacrifice rigor in the evaluation of a venture's potential social contribution ("finance-first" investors) (Höchstädter & Scheck, 2015) or—if they truly wish to enable meaningful social outcomes—they must accept below-market-rate financial returns ("impact-first" investors) (Grabenwarter & Liechtenstein, 2011).

Writing on community development venture capital, Jegen (1998: 189) argues:

> *"Inevitably there will be a tension between social and financial goals, and at some point[,] every [social venture capital firm] will have to choose between higher financial returns and the fund's social agenda."*

Generally, we understand that social VCs "provide capital and value-added activities" to "social enterprises [that] exhibit a potential for a high social impact" (Scarlata & Alemany, 2010: 123–124), but how these activities proceed in practice remains unclear. Pointing to the importance of dual-purpose decision-making and resource acquisition, particularly for young companies (Baum & Silverman, 2004; MacMillan et al., 1985; Starr & MacMillan, 1990), scholars have called for more research in this field (Shepherd, 2015; Shepherd et al., 2015), particularly in the social investing context (Austin et al., 2006; Nicholls, 2010; Short et al., 2009: 181).

		Social investment target	
		Early-stage ventures	Late-stage companies
Investment process	Front-end, pre-investment evaluation	$\boxed{\text{Our study}}$	Investigate past performance metrics of investment targets
	Back-end, post-investment monitoring	Future research opportunity	Use of established metrics such as IRIS or GIIRS

Table 14: Focus of study

Prior impediments to understanding social VC-decision-making

Scarcity of data and definitional confusion today represent the greatest impediment to understanding this field (e.g., Daggers & Nicholls, 2016). Historically, the large checks issued by social investors have tended to be issued in later-stage, less risky investments. As a result, most research on social investments in fact refers to investments in pure assets (e.g., real estate) or later-stage (e.g., publicly listed) companies.

This definitional confusion is exacerbated by the empirical challenges that constrain current research coordination efforts (Chiappini, 2017; Höchstädter & Scheck, 2015). Information on the selection and evaluation processes of firms investing into younger companies, like those targeted by social VCs (Rheingold, 2017), is scarce. In fact, investments into seed, Series A or Series B rounds are often not reported publicly. This has encouraged researchers to pursue more conceptual work (Miller et al., 2012; Nicholls, 2010) or rely on smaller datasets (Dacin et al., 2011) or more easily accessible data, such as public or self-reported data (Cambridge Associates & The Global Impact Investing Network, 2015; Freireich & Fulton, 2009; Harji & Jackson, 2012). These data tend to be more abstract and less rich, whereas data derived from actual selections and evaluations, though more appropriate for understanding the dynamic, uncertain early-stage setting, is more difficult to access.

In particular, we lack a finer-grained understanding of how higher-level expectations and *espoused* criteria translate into *in-use* evaluation criteria across each deal (see Figure 16 for our constructs of interest).

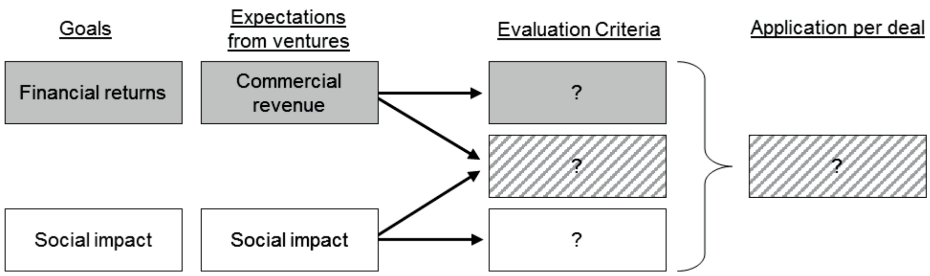


Figure 16: Visual summary of the literature on the social VC selection and evaluation process

An opportunity for inductive research based on rich, real-time data

Essentially, what the broader literature suggest is that there is room for a larger scale, inductive, empirical, longitudinal research effort on the decision-making of impact investors (Daggers & Nicholls, 2016). Such an effort could help to develop robust constructs, which can contribute to future research on how social investors make investment decisions. Given the lack of, and the importance of, inductive work carried out in this context, this study has avoids extrapolating social VC criteria from other sources (e.g., successful[44] cases of social venture fundraising, or espoused criteria sets). The prior sections have instead focused empirical findings of research on impact investing and social investing to date.

To better understand how the combined goals of social impact and financial return manifest in investment practices, we investigate: *How do*

[44] This may not be the most suitable approach to begin with, due to dangers of sampling on the dependent variable, i.e., overrepresenting ventures that achieve fundraising success (Berk, 1983; Denrell, 2005).

early-stage impact investors (i.e., social venture capitalists) select and evaluate investment proposals? Due to their dual-purpose identity and their early-stage investment focus, findings from SVC processes may have significant implications for other dualistic organizations seeking funding, and other funders seeking later-stage investments.

Methods

Research design

The two rare empirical studies on social investing point to the need for research that develops internally valid constructs from longitudinal, inductive, empirical work (e.g., Fried & Hisrich, 1988). [45] An inductive approach is suitable in this setting because it pairs well with our exploratory research question, the theoretical maturity of the field, our primary data source, and the complex, fast-paced nature of our research setting (Edmondson & McManus, 2007). Single-case case studies enable the researcher to better understand the complex, fast-paced environment of venture capital decision-making by focusing on a single, in-depth case (e.g., Carpentier & Suret, 2015; Petty & Gruber, 2011). Moreover, contextual, fine-grained data is useful for shedding light on poorly understood contexts in less mature theoretical fields (e.g., we were uncertain of exactly how the financial and social impact goals of social VCs translate into their evaluation and investment selection processes) (Edmondson & McManus, 2007; Miles & Huberman, 1994; Yin, 2013). A fine-grained inductive approach which stays close to the original data can establish high levels of accuracy and construct validity (Langley, 1999), often lacking in this research stream. Next, inductive, grounded approaches usually demand "a fairly large number of comparable incidents that are richly described" which our data and setting provide (Langley, 1999: 700). Finally, a longitudinal single-case case study based on detailed archival data allows a qualitative researcher to reconstruct actual investment decisions from data produced at the time each decision was made. We elaborate on this latter point in the next section.

Research precedence[46] has indicated archival data to be particularly complementary to other data sources and research methods in the field, helping to avoid issues present in *post-hoc* data and the experimental methodological approaches that investor decision-making research usually relies on. For example, a number of studies rely on survey responses (MacMillan, Zemann, & Subbanarasimha, 1987), experimental data

---

[45] Prior to designing their quantitative study, Miller and Wesley II (2010: 716) made efforts to stress construct validity by conducting interviews with two social investors. Similarly, before conducting their survey on social investors, Scarlata and Alemany (2010: 129) relied on interviews to establish construct validity, asking equity, debt- and grant-based impact investors about deal structuring at the portfolio level. But while Scarlata and Alemany's (2010) work delves into how impact investors structure deals with social ventures, they ignore how these impact investors arrive at the deal structuring stage in an investment process to begin with.

[46] Single-case case studies have been used before in investor decision-making research, with an equally heavy reliance on archival data (Carpentier & Suret, 2015; Petty & Gruber, 2011).

(Lohrke et al., 2010; Shepherd & Zacharakis, 1999, 1997), or interview data (Wells, 1974; Muzyka et al., 1996). While these methods might be suitable for other contexts and research questions, even specifically in investment decision-making research, these methods tend to be more vulnerable to common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), excessive abstraction (Heckman & Smith, 1995), post-hoc rationalization (Tyebjee & Bruno, 1984), retrospective sense-making (Golden, 1997, 1992), recall errors and other reporting errors (Franke et al., 2006; Hisrich & Jankowicz, 1990).

When it comes to matters related to prosocial or pro-environmental values, as is the case in social investing, social-desirability bias and impression management are particularly active sources of distortion (Eisenhardt & Graebner, 2007; Shepherd, Patzelt, & Baron, 2013). Some researchers even suggest that investors are not fully conscious of their investment decisions or able to express them post-decision (Guler, 2007; Shepherd, 1999; Zacharakis & Meyer, 1998, 2000). The right kind of archival data has the potential to shed light on important failures, which are a regular part of high-stakes activities (Denrell, 2005; Nag, Corley, & Gioia, 2007).[47] Finally, as argued by Petty and Gruber (2011), because some archival data is produced in real-time—exactly at, or at least closer to the time the investment decision was made—longitudinal archival data offer researchers enduring indicators of sequential actions, allowing investment decisions and their antecedents to be clearly identified.

Case selection

To find a suitable research partner and setting, this author attended multiple industry events seeking out for-profit, socially-driven investors investing in social ventures. She developed a relationship with several firms who fit our sampling criteria of dual commercial-social identity, multi-industry focus, investment experience, and early-stage focus. In late 2015, we formally presented a research proposal to one social VC firm based in a major city in Western Europe whose stated purpose was to invest in early-stage, high-potential businesses seeking to generate, not only, compelling financial returns, but also societal returns ([Redacted], 2016a). Following our formal request to conduct research on their investment process, they agreed under the condition of anonymity and non-interference.

Research setting

The Firm invested in roughly 1% of all deals reviewed, putting its selectivity on par with other non-social VC funds (Petty & Gruber, 2011).

[47] For example, it may shed light on entrepreneurial failures – rejected investment proposals – as well as less flattering reasons for investment, which come closer to reality (e.g., fear of missing out vs. strength or innovativeness of venture product.

The firm's average investment ticket size in an investment deal was 300,000 Euros. The reported size of the fund managed by the Firm is 32 million Euros, within the 25th and the 75th percentile of known social VC fund sizes (Rheingold, 2017). While the timespan in which this research was conducted was too short to evaluate the Firm's social and environmental performance (it is too early), the Firm applied for and was granted the B-Corp status, and the Firm's partners experienced their first positive exit (a trade-sale) three years after their first investment. From this perspective, the operators of the Firm are ahead of, if not comparable to, other early-stage equity funds which typically begin to see exit results over the life of a 10-year fund (Feld & Mendelson, 2016; Zider, 1998).

The founding partners of this firm entered the investment space as angel investors. Prior to launching their first fund, the investment Firm operated as a "Super Angel" or "Micro VC," (Feld & Mendelson, 2016; Martino, 2015; Mattermark, 2015). Micro VC firms may manage actual funds (as a legal entity) or operate without an official fund, raising and investing money from angel investors and other organizations within a formal or informal network. If Micro VCs manage their own fund, they typically manage amounts under 100 million USD, and most often manage less than 50 million USD. CB Insights (2014) estimated that 250 Micro VC firms were operating in 2015[48], and numbers continue to rise (Kaji, 2015b).

To clarify, this study includes the investment decision-making history of the Firm prior to the launch of their fund as part of the Firm's overall decision-making history. This was because we did not observe any significant changes in their decision-making process. The Firm continued to centrally source, screen, evaluate, negotiate and build[49] investment cases independently of their angel network. Unlike business angel groups where angel investor input is solicited early on and may represent the majority of the decision-making body (e.g., through voting or other forms of participatory governance), the decision-making of this firm, pre- and post-fund launch, continued to be based on the due diligence and discussions of a stable investment committee. In addition, all investment activities were represented by the same single corporate identity that the partners had set up for this purpose. The following figure provides a simplified overview of the process and actors in which we are interested, detailing also the relationship between the Firm's different moving parts (see Figure 17).

[48] Notable investments by micro VCs include Dropbox and Uber (Bloomberg Technology, 2014; Kaji, 2015a).

[49] Unlike many business angel networks which invite members to conduct due diligence and lead negotiations on deals, outsourcing or spreading the investment decision-making process among some or all members, the investment decision rests with the firm. Feld and Mendelson (2016, pp. 8–9) state that while Micro VC firms "often want to be thought of as angels instead of VCs, once they've raised money from other people they have the same fiduciary responsibility to their investors that a VC has, and as a result they are really just VCs." The firm studied holds private investment committee meetings and has a fiduciary responsibility to their investors; business angel networks typically do not have a fiduciary responsibility to their members, as they are involved in the investment process as individual, pseudo-independent investors.

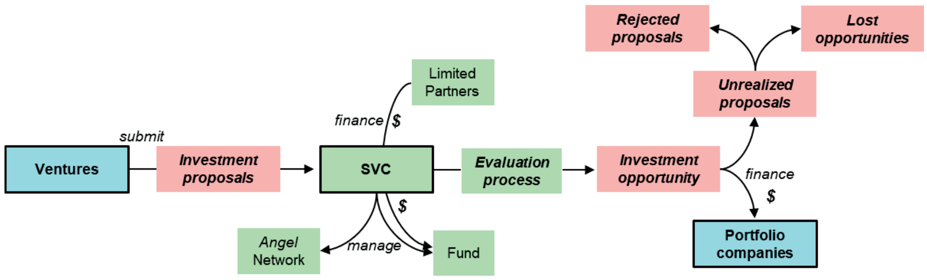


Figure 17: Illustration of organizations and constructs in research context (black rectangles are organizations of interest)

During the period studied, the core decision-making team of the Firm remained stable, comprised of two founding partners and three employees who played the role of principal.[50] As indicated in Table 15, they joined the partners in Year 3 and continued until Year 5.[51] The Firm was supported by three senior associates, who joined in Year 3, as well. Operational members of the Firm are from five different countries, with some members holding double nationalities. The team's composition was similar to the traditional VC studied in Petty and Gruber (2011: 5): "relatively small, with fewer than ten VCs, their support staff, and the original founders still active in the day-to-day operations of the firm." In the final year of this study, 80% of the operational team held bachelor's degrees, with 50% of those also holding graduate degrees. Team members had, on average, five years of industry experience. Together, this team made an average of 3.8 investments per year.

Year of investment activity	Partners		Principals			Associates		
	1	2	1	2	3	1	2	3
1	✓	✓						
2	✓	✓						
3	✓	✓	✓	✓	✓	✓	✓	
4	✓	✓		✓	✓	✓	✓	✓
5	✓	✓		✓	✓	✓		✓

Table 15: Overview of core decision-making team's activity over duration of investment activity

Data collection

In order to understand the actual selection and evaluation choices of social VCs on a deal-by-deal basis, we conducted an inductive, longitudinal single-case case study (Charmaz, 2008; Corbin & Strauss, 2008; Miles & Huberman, 1994). Aside from the period in Phase I, where a second coder was invited to help assess the reliability of the coding scheme, the data collection and analysis were led by one person. Data was collected primarily in the form of archival documents, complemented by semi-structured interviews and several months of non-participant

---

[50] Formal titles fluctuated during the period studied and fund members in leadership positions sometimes denied that they held a leadership role. However, their role in investment selection and evaluation did not substantially change over the years.
[51] One principal left in Year 3 but remains an advisor to the SVC.

observation. These served to contextualize and triangulate data from archival documents. All data sources are summarized in Table 16.

Archival data. Access to the Firm's archival data was shared with the author through specific requests via email. Later, when requests became more frequent, the author was given remote access to the Firm's entire Internet cloud-based repository of venture-related documents, detailing investment decisions made since their investment practice was launched, covering five years of operations. These documents are summarized in the following table (Table 16).

Of particular interest to this study are documents related to the Firm's internal weekly investment committee (IC) meeting, in which the Firm's key decision-makers would discuss new investment opportunities and organize follow-up activities for pending investments. Two documents related to the IC served as our primary data source: the ***IC minutes*** and ***pre-IC polls.*** The former was a living document that served as an agenda, a summary of the previous week's decisions, and a framework to capture minutes produced by the Firm. The latter was circulated prior to the IC and included descriptive information on ventures to be introduced or re-discussed at the meeting, detailed comments from each member of the team, and a vote (yes/no/abstain) on whether the SVC should continue pursuing these ventures. These IC documents painted a comprehensive picture of the journey of each investment proposal evaluated by the Firm, beyond an initial screening (or "filtering out").

Finally, our third primary data source included multiple versions of the Firm's ***venture database***, in which all investment proposals and corresponding investment statuses were tracked. Secondary sources among the archival data included minutes of meetings with all ventures in the Firm's database, and other key venture-related documents, such as internal correspondence and fund-venture correspondence revealing exchanges on due diligence as well as "rejection emails."

Non-participant observation. Following our agreement, one author visited the Firm for three to four days every one to two weeks over 7 months, where she sat in investment committee meetings, meetings between the investor and the entrepreneur, and regular office activities. While the author attended and observed these meetings, she did not play an active role. Whenever possible, meetings were recorded and transcribed and the author took extensive fieldnotes in notebooks or on her laptop.

These meetings introduced us to the Firm's investment process, allowing us to contextualize the documents and events we read about in archival records. For example, we observed vocal expression and body language that accompanied certain phrases, which helped us to understand the context of common expressions found in archival records. The author also observed the production of key archival documents (e.g., IC minutes), and developed an understanding of how each document related to each other.

Type of data	Use in study	Description of data	Quantity	Year				
				1	2	3	4	5
Archival data								
Investment committee (IC) minutes	Primary data source	Agenda and minutes covering weekly meeting on investment decisions and research activities	758 pages			✓	✓	✓
Pre-IC poll results for shortlisted ventures	Primary data source	Shortlist of 1-6 ventures to be discussed at IC meeting, includes yes/no/abstain vote from SVC decision-makers and individual comments	1,856 rows of entries			✓	✓	✓
Venture databases	Primary data source	Excel files tracking every venture proposal received by the Firm	2,984 rows of entries	✓	✓	✓	✓	✓
Venture meeting notes	Secondary data source	Word documents created to store minutes, correspondence or research related to specific ventures	850 files			✓	✓	✓
Email correspondence	Secondary data source	Email correspondence with selected ventures	93 pages			✓	✓	✓
Venture documents	Triangulation of events and investment status	Investment proposals submitted by ventures	1,476 files			✓	✓	✓
Calendar files	Triangulation of events	Calendar files indicating dates and times internal meetings and meetings with ventures	2 files			✓	✓	
Internal documents	Triangulation of events and investment status	Internal documents (Excel, PowerPoint, Word) produced by the firm to reflect on[52] past investment decisions and direct future activities	56 pages			✓	✓	
Non-participant observation								
IC meetings fieldnotes and transcription	Triangulation of events and investment status	Notes and transcriptions compiled by researcher	414 pages 18 events				✓	
Venture meetings notes and transcription	Triangulation of events and investment status	Notes and transcriptions compiled by researcher	120 pages 40 events				✓	
Interviews								
Clarification interviews	Secondary data source	Interviews requesting additional information about specific ventures	336 minutes					✓

Table 16: Overview of Study One data sources

Unstructured and semi-structured interviews. During our fieldwork, the author engaged in dozens of unstructured, informal conversations with the Firm members. These introduced her to the Firm's investment process, allowing us to contextualize the documents and events we read about in archival records. In the latter part of our analysis, the author reached out to the Firm again to clarify missing or conflicting factual information (e.g., dates), and to request additional[53] documents. These interviews were more structured, and questions systematically referred to the Firm's recollection of an investment decision, dates, and descriptive contextual details. The author conducted eight of these latter

[52] All archival data presented were independently produced by the SVC. We did not ask the SVC to produce any document or engage in any kind of reflection for this study.
[53] I requested the firm's email correspondence related to a selection of ventures. Some of these requests were due to the fact that the venture dates or outcomes were missing from other documents. Other requests were made at random to triangulate information found in other documents. All requests for documents were fulfilled.

interviews, which averaged 42 minutes in length, and were all recorded and transcribed. These served as a secondary data source.

Inductive analysis of these documents resulted in information on 1,858 individual investment decisions over a five-year timeframe, placing this research study in the ballpark of similar longitudinal studies[54] on traditional VC decision-making.

Data analysis

Data analysis occurred alongside data collection in an iterative and inductive way (Corbin & Strauss, 2008; Gioia et al., 2013), and comprised four main phases. We describe these phases here in a linear fashion, but they were, in fact, composed of sub-phases that we returned to at different points of the analysis as we made sense[55] of the data.

Phase I. In the first phase, the goal was to gain a broad overview of the investment process, with particular attention to *emic* terms in the subject's voice (Morris, Leung, Ames, & Lickel, 1999; Morrow, 2005). To do this, we began with internal documents that the SVC produced to describe and guide their own decision-making strategy. We used their language and linear description to construct data displays, which represented key milestones of a full investment proposal evaluation that resulted in either a rejection or an investment (Miles & Huberman, 1994). An example of a data display in which key milestones were tracked is presented in Table 17. This Table helped to inform the data display of the empirical sequence of events presented in Figure 18 in the Findings section.

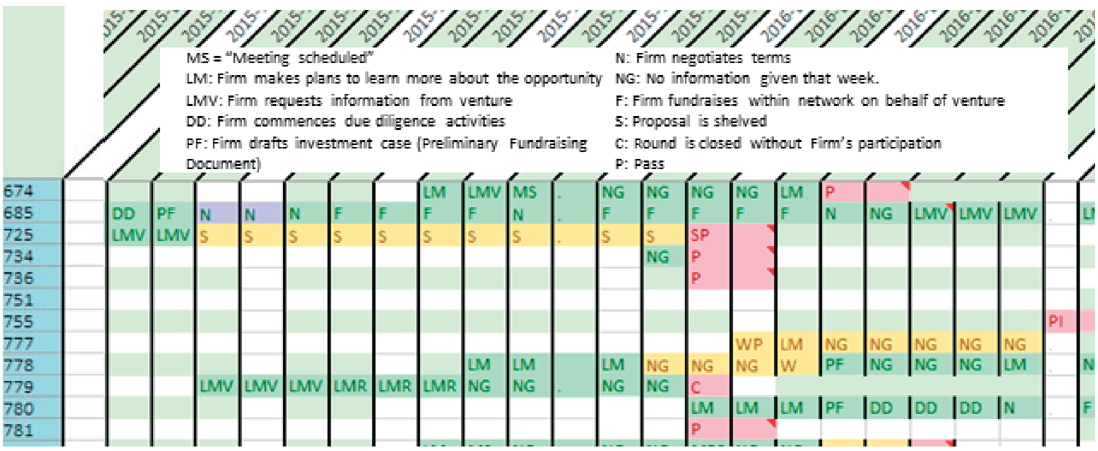


Table 17: Example of data display created during Phase I of data analysis using *emic* terms (each row represents a venture's journey through time)

---

[54] Petty and Gruber (2011) studied 3,631 investment decisions over 11 years; Carpentier and Suret (2015) studied 636 decisions over four-years.

[55] We adopted inductive, post-positivist techniques to interpreting and verifying most of the data. However, in Phase IV, the need for more constructivist, interpretative approaches emerges (Morgan & Smircich, 1980).

These displays were helpful in developing a high-level understanding of the different moving parts at play in an investment decision. We later adjusted these displays based on intermediary events or more ambiguous, less flattering outcomes described or observed in IC meetings (e.g., preparing notes, losing a deal). The non-participant observation helped the first author to establish confidence in the expressions used by the Firm. For example, during her fieldwork, the author observed that one or two lines about social impact in the meeting minutes were sometimes the result of 15 minutes of heated debate during the IC. These instances were sporadic and observed throughout the 7-month period, giving us confidence that the written, archival data, which later served as our primary data source, were not performed to maintain a positive social image around the researcher, but rather reflected true concerns felt by the Firm throughout the evaluation process (Patton, 2002).

Phase II. With a working understanding of the Firm's general procedure, the author began tagging portions of text from a sample of IC minutes, transcripts and venture notes, according to an open coding[56] protocol (Corbin & Strauss, 2008; Gioia et al., 2013). A review of the tags revealed that they were related to venture attributes, deal attributes, actions the SVC should take towards the venture, potential consequences of these behaviors, open questions expressed about the Firm towards the venture's attributes, and open questions expressed by the venture towards the Firm, among other things.

Many of the tags with which the author annotated the data were intriguing, but after multiple rounds of tagging the data, re-reading our annotations, and re-rereading the tags on their own, she focused on the most recurrent ones. At this stage, it became clear that some tags could be grouped together, such as:

1) **Negative investment proposal statuses**, indicating that the investment proposal was ejected the Firm's evaluation process, e.g., "pass" (VC-side rejection), "we failed to get back and missed this round" (VC-side circumstantial rejection), "not raising" (venture-side rejection)
2) **Positive investment proposal statuses**, indicating that the investment proposal was still under consideration and being pursued, e.g., "meeting scheduled," "to proceed with [due diligence]"

---

[56] One aspect that became more apparent as the study progressed were the similarities between social VC decision-making and VC decision-making. The recognition of these similarities meant that my inductive analysis was not conducted with a completely blank slate, as is sometimes recommended in exploratory work (e.g., Corbin & Strauss, 1990; Suddaby, 2006). Still, despite some familiarity with the VC decision-making criteria, I avoided using existing *etic* terms upfront (Morris, Leung, Ames, & Lickel, 1999). Discussions with other researchers reminded me to be mindful of bringing my own biases to the analyses, e.g., wanting to prove that my research subject was similar to or different from prior firms studied (Corbin & Strauss, 2008; Miles & Huberman, 1994). I cultivated healthy skepticism about what might be the natural way of organizing ideas, sensitive that there might be a new criterion or "lens" that prosocial VC firms might use which I could miss by forcing items into a category in the coding process.

At times, tags from the preceding groups would be closely followed by tags related to specific venture or deal attributes. At times, tags would contain two pieces of information: a negative investment proposal status (e.g., “pass”) and a negative venture or investment deal attribute (e.g., “Not a fit b.c: (1) Too advanced (raising 2.5m from [redacted]) and (2) Not a fit into our impact areas.”). The pairing of a status with a “negative” attribute occurred more consistently than a status with a “positive” attribute.

Encouraged by the regular pairing of investment status updates and accompanying (negative) venture or deal attribute description, the author began to delve deeper into this, continuing with open coding, and moving into axial coding protocols, evaluating the similarities and differences between these pairs of tags (status and proposal attribute). The author placed these pairs into groups of similar concepts, similar to Gioia’s 1st-order concepts (Gioia et al., 2013). Eventually, the author began naming these tags into a category of “**Reason(s) for rejection**.”[57]

Phase III. Having identified tentative bucket categories, the author then began a more systematic analysis comparing small units of data from primary data sources: IC minutes, pre-IC polls, and archival data from venture database entries. She found that the SVC made notes about each investment decision in a succinct and organized way, making it easy to extract the complete remarks about a venture and set it aside. She created a spreadsheet to organize these excerpts, matching each venture to its associated excerpts.

From these raw data on 500 investment deals, the author then began another round of open coding. The names used for these tags were inspired by direct quotes from the firm’s speech, meeting notes, or framework documents, and gradually contributed to the construction of categories describing what the author was observing. The author followed the literature’s recommendation of tagging the same data in separate “rounds,” in order to compare and contrast the consistency of tags applied to the data between coding rounds (Corbin & Strauss, 1990). Through this iterative process, the author eventually began to code in a more consistent manner and edit the tag names to reflect her new understanding of the data. The author began to notice that some groups had “several ‘subcategories,’ and associated ‘dimensions’ and ‘properties,’” which the author “gradually elaborated and refined as specific incidents [were] examined, systematically coded, and compared” (Langley, 1999: 200). While arranging different tags together to create these sub-categories and larger descriptive groups, the author was careful not to over-affiliate tags (the author kept tags and sub-groups under a large “Other” umbrella, until sufficient evidence suggested it should be merged with another group). In

[57] Later on, I changed this category to *reason(s) for ejection* which served as a broad umbrella group for all ventures removed from the SVC’s evaluation process, thus “reasons for ejection,” as a category, covers both the ventures intentionally removed from the evaluation process by the SVC, as well as ventures which were removed from the SVC’s selection process, but not as a result of an *intentional* rejection on behalf of the SVC (see Table 18).

Table 18, we present examples of categories and sub-categories that emerged in Phase II and Phase III. Additional data on our coding can be viewed in this Appendix G.

Time of emergence	Emergent category	Sub-category	Description	Example
Phase II	**Investment status**	Negative	Deal is ejected from the selection process	*e.g., "pass," "not a fit"*
		Positive	Deal is still under consideration	*e.g., "meeting scheduled" "to proceed with DD"*
	Reason for ejection-VC rejection	Firm passes	Intentional VC-side rejection	*e.g., "Not a fit b.c: (1) Too advanced (raising 2.5m from [redacted]) and (2) Not a fit into our impact areas."*
	Reason for ejection-various	Firm loses deal	Reasons for ejection not intentionally driven by VC	*e.g., venture not fundraising, "we failed to get back [to the venture] and missed this round"*
Phase III	**Time under consideration**	Entry date	The date when the VC first considers the investment proposal	*e.g., Date indicated under "Date Deal Created" in venture database, cross referenced with file metadata, initial meeting date, initial appearance in IC documents (if applicable)*
		Exit date	The date when investment proposal is ejected	*e.g., Date of IC minutes when SVC decided to pass on a venture, as indicated by the note: "pass"*
		Re-entry date	The date when investment proposal is re-submitted to VC	*e.g., Date of IC minutes when, in the space of a week, venture moves from "On the Shelf" section of IC minutes to "Existing Opportunities" with confirmatory comment*
		Re-exit date	The date when investment proposal is re-ejected	*e.g., Date of IC minutes when "What's changed since we last spoke? What is justification for revisiting?"*

Table 18: Emerging categories guiding Phase III

As sub-categories and sub-sub-categories began to emerge (i.e., "code groups"), the author began to assign each code, code group, sub-category and overarching category a unique number. The author described each number in a codebook, which served as her coding guide. She continued to refine the codebook over a 6-month period, while consulting related literature. At this point the research process "might be viewed as transitioning from 'inductive' to a form of 'abductive' research, in that data and existing theory are now considered in tandem (Alvesson & Kärreman, 2007)" (Gioia et al., 2013: 21).[58] Consulting with the literature revealed, for example, a parallel between items such as "venture mission," and "geography." Geographic focus had been classified in the literature under the heading "VC-specific criteria" to describe how investment from certain geographies may not necessarily represent less attractive investments but may still be rejected due to being outside of a VCs' strategic focus (Petty & Gruber, 2011). The same thinking was applied to venture mission in this

[58] I then delivered three presentations of this preliminary analysis to three groups: entrepreneurship researchers, the firm, and affiliated investors. Their feedback helped me to fine-tune my codebook but did not drastically change it. My codebook expanded from 130 to 139 codes. To facilitate comparison with prior work, I renumbered the top-level categories to match prior work. I kept the hierarchy levels the same for all but one top-level category, "Commercialization Strategy." This top-level category was changed to a sub-category placed under Product/Service, in the tradition of Petty & Gruber (2011). However, other sub-categories and codes were not changed and remained true to the data. One of the changes I made was to rename my top-level categories using the labels of the five main categories presented in Petty & Gruber's (2011) coding scheme. For example, I changed my category "Venture Offer" to "Product/Service," which had been used in the literature.

codebook, which was eventually placed under “VC-specific criteria: strategic focus”. It became clear that some investment proposals were coming from strong ventures which did not in any way represent an inferior investment, but due to their primary commercial mission and inability to contribute to the social and environmental investment themes identified by the SVC, had to be rejected.

Five major iterations later, the author had a relatively stable codebook which she verified with a second coder who was not previously involved with the study but was briefed on its purpose and given full access to the archival data (with the Firm’s consent). To verify the validity of the coding scheme, the second coder was asked to study the main venture database and investment committee notes, code a selection of documents, and produce a codebook. When codes differed, we debated about the need for and difference between specific codes. We repeated this process until we felt comfortable in our shared interpretation of the data, creating a common codebook, which we used to test the reliability of our coding. For our test, we separately coded excerpts of documents pertaining to 100 randomly selected investment decisions. Our task was to identify the main reason for ejection, and any additional reasons for ejection. We were able to establish a high level of interrater agreement at the category and sub-category levels (90.42% and 85.45% respectively). By discussing the coding scheme with a second coder, we developed a robust approach to analyzing the data, which gave us more confidence in our final coding scheme, presented Table 19.

The codebook illustrates the result of our iterative coding process and consultation with literature. Similar studies suggested a clear pathway for categorizing codes related to traditional VC criteria but offered less clarity on how to organize codes related to the Firm’s application of their social-mission-related criteria. We erred on the side of caution, thinking it would be consistent with existing literature to group SVC preferences *outside* the traditional codes of product/service, market, finances, and team under *Venture Mission* (a sub-category of VC-specific criteria, as indicated in the previous table).

Having established a high level of interrater reliability for this new descriptive coding scheme, the author coded three versions of a venture database shared with us by the SVC, as well as the IC meeting notes and pre-IC poll results. All relevant excerpts related to venture dates and outcomes were then organized in a spreadsheet, which facilitated the coding and re-coding process. It also allowed us to systematically crosscheck the entry and exit dates indicated by different documents and verify the correct number of times specific ventures entered, re-entered, and exited the SVC’s selection process.[59] In cases where the SVC’s

[59] Throughout the process, the uniqueness and richness of longitudinal data on early-stage ventures became more apparent. For example, we were able to distinguish between the two ventures which had the same, or very similar names, due to the richness of the

database, IC and poll notes presented conflicting or insufficient information about the venture investment status or reason for ejection, the author relied on secondary data: IC meeting transcripts, venture notes, correspondence, other internal documents, and clarification interviews.[60]

Reason for ejection (rejected by SVC)		
100	**Product/service**	
110	Product under development	
130	Production risk	
140	Value proposition	
	141	Differentiation (USP)
	142	Quality control
	143	Effectiveness
160	Commercialization strategy (route to market)	
	161	Defensability
	162	Sales lead time
	163	Profitability of scaling sales and production
	164	Competitive advantage
200	**Market**	
210	Addressable market	
220	Competition	
	221	Active incumbent
230	Market regulation risk	
240	Product-Market Fit	
	241	Past sales or users (traction)
300	**Finance**	
310	Capital requirement	
320	Revenue model	
400	**Founder/Team**	
410	Founder personality and values	
	411	Rapport with fund
413	Founder commercial motivation	
414	Founder comittment (venture is a sideproject)	
420	No/incomplete team	
421	Lacking key expertise/experience (business)	
422	Lacking key expertise/experience (tech)	
500	**VC Firm-Specific Criteria (strategic focus)**	
510	VC-focus: venture location	
	511	Local contact
	512	Emerging market risk
520	VC-focus: venture stage	
	541	Too early
	542	Too advanced
	543	High valuation
530	VC focus/preference: deal structure	
	571	Round allocation
	572	Control (e.g., board seat)
	573	Share grade
Reason for ejection (rejected by SVC)		
550	VC focus: Venture mission	
	551	Relationship to core revenue-generating activity
	552	Subsidy/nonprofit approach
	553	Founder social motivation
	557	Problem scope
	560	Venture contribution (general)
	565	Venture contribution (measurability)
	520	Sector/business scope (general)
	521	Sector/business scope (stem cells)
	522	Sector/business scope (alcohol)
600	**VC Firm-Specific Criteria (context)**	
580	VC context: Firm capacity	
	581	Match with Fund expertise/ability to help
	582	Lack of expert endorsement
	583	Funds
	584	Team capacity (following up with venture)
	585	Team capacity (building investment case)
590	VC context: Relation to other ventures	
	641	Prefer another venture seen in pipeline
	645	Competes with/does not derisk existing portfoli
Reason for ejection (SVC rejected by venture)		
650	VC context: ejection (rejected by venture)	
	651	Venture not currently raising VC money
	652	Venture closed round without inviting firm
	653	Venture did not respond
800	**Other**	
810	No reason noted	
	820	Soft pass (general)
	825	No reason noted (context: pitching event)
Not ejected yet		
900	**Not ejected yet**	
910	Under review	
	911	Firm working on "Pre-Fundraising Document"
	912	"Pre-Fundraising Document" shared with networ
913	Due diligence	
914	Terms under negotiation	
	915	Firm working on "Fundraising Document"
	916	"Fundraising Document"shared with network
917	Fundraising	
918	Closing investment	
Not ejected - funded		
920	Investment made	

Table 19: Snapshot of codebook used in Phase III (81 of 127 codes)

Out of 1,858 individual investment decisions identified, 244 investment decisions were dropped due to missing information about the period in which the SVC evaluated these investment proposals (13% of all

SVC's data, which included dates, locations, and personally identifying information. Alternatively, some ventures had different names, but were in fact a similar offer by the returning entrepreneur, under a different brand—another distinction that would have been lost without said data access.

[60] In the less than 10% of cases where interviews were used as a supplemental source, 84% of the cases mentioned in the interview served to confirm with the firm that information was indeed missing from the firm's databases. Hence, retrospective sense-making remains a minimal influence on the outcomes of this study.

investment decisions). Twelve of the 244 dropped decisions appeared to date from 2013 (5% of all dropped decisions), 57 of them from 2015 (23%) and 8 from 2016 and 2017 (4%). Among the dropped decisions, 167 did not indicate a clear year of entry or exit (77% of all dropped decisions). Our final spreadsheet yielded entry dates, exit dates, investment statuses, and reasons for ejection for 1,614 investment decisions, resulting in the application of 127 codes from our codebook (see Table 19 on the previous page for a snapshot of the codebook).

Phase IV. In order to further increase the trustworthiness of our emergent findings, we performed numerous "member checks" with the SVC (Nag et al., 2007; Van Maanen, 1979). A member check conducted in this phase confirmed that our empirical themes were indeed venture attributes of interest to the SVC's *social mission, commercial mission*, and *firm-specific preferences*. However, in this phase, we began to be aware of our bias as researchers. As explained in the previous phase, we had viewed the SVC's *social-mission-related* considerations as a separate filter from the SVC's *commercial mission* and applied separately. What we identified as purely "mission-related" criteria in the previous phase represented the largest sub-category assigned to investment decisions (25%), however, additional fieldwork and efforts to reflect on the biases that we brought to the research suggested that quotation marks may need to be added around the concepts "mission-related" and "non-mission-related" (Finlay, 2002a, 2002b). Specifically, comments from the firm suggested that mission-related criteria were not an agnostic VC mandate of the firm, but in fact, a *lens* which informed their view of "non-mission-related" venture attributes, and the application of "non-mission-related" criteria. Having consulted the literature on social investment decision-making, we realized that we viewed the SVC evaluation process as a "concrete process," and investment proposal qualities as *objective* social *or* commercial attributes, which could be systematically (and objectively) identified by anyone (a claim further supported by the inter-coder reliability rating) (Morgan & Smircich, 1980).

	Core ontological assumptions	**Assumptions about human nature**	**Research methods**	
Phase III - beginning	Reality as a concrete process	Man as an adaptor	Historical analysis	*Objectivist approaches to social science*
Phase III - end	Reality as a contextual field of information	Man as an information processor	Contextual analysis of Gestalten	
Phase IV - beginning	Reality as a realm of symbolic discourse	Man as an actor; the symbol user	Symbolic analysis	
Phase IV – end	Reality as a social construction	Man as a social constructor; the symbol creator	Hermeneutics	*Subjectivist approaches to social science*

Table 20: Research assumptions over different phases of data analysis (adapted from Morgan & Smircich, 1980: 492)

However, during the final stages of our coding process, doubt began to emerge about to which extent the SVC was processing or responding to stimuli (i.e., the investment proposals), versus taking established meanings (about the commercial and social qualities of ventures) and adapting them for their own use in novel ways. Table 20 shows the perspective shift between Phase III and IV.

Taking the practice of reflexivity seriously (Finlay, 2002a), we realized that findings from Phase III framed the SVC as a traditional commercial actor applying a social-mission-filter in its information processing. Much like hardware investors apply a hardware/software-filter, or much like European-based investors apply a geographic-filter, these factors were not related commercial outcomes. The emergent framing appeared motivated to cast SVCs as "normal," "legitimate" investors, "who just so happen to be jointly pursuing a social mission."

However, returning to the data, and to the field, it became clearer that this framing was not adequate for explaining the process that we were observing. It became evident that the data was portraying the SVC's evaluation process as less of an objective application of two separate sets of filters, but rather as a dualistic, subjective and symbolic activity, in which the concerns of one identity informs the other, and in which both identities interact to inform the evaluation outcome. The SVC appeared to leverage, or attempt to leverage, the public's *cultural* associations with social impact and business, combining attributes of both to create new cognitive associations as tools to help them further their cause (Smircich, 1983).

In this final phase, we conduct preliminary analysis on an emergent relationship between the VC's mission-related criteria and the other criteria it employed, and namely the extent to which each criterion was mission-related. The author returned to primary and secondary data related to all venture rejections pertaining to mission-related criteria (420 decisions) and reengaged with the coding process. In this phase, the author realized that the prior coding effort had been comparatively narrow-minded, when in fact, the codes of the VC-specific mission-related sub-codes lent themselves to being grouped under other categories.[61] Findings from these coding efforts are critiqued and discussed in the following section.

Findings

The goal of this study was to answer the question: *How do social venture capitalists select and evaluate investment proposals?,* which we addressed by conducting a deep dive into the decision criteria *actually* used by social VCs to select and evaluate investment proposals on a deal-by-deal basis. We examined data beyond *post-hoc* sources, conducting an in-

[61] Note: Phase IV did not invalidate our prior coding efforts. Data were still grouped with the same data they were grouped in during prior phases. However, what changed was the name of the code group *sub-category* and *top-level category.* We explain this in more detail in the Findings.

depth, exploratory, longitudinal case study of a social VC. Figure 18 illustrates the multiple points at which investment proposal could fail (intentionally, due to the SVC's rejection, or unintentionally).

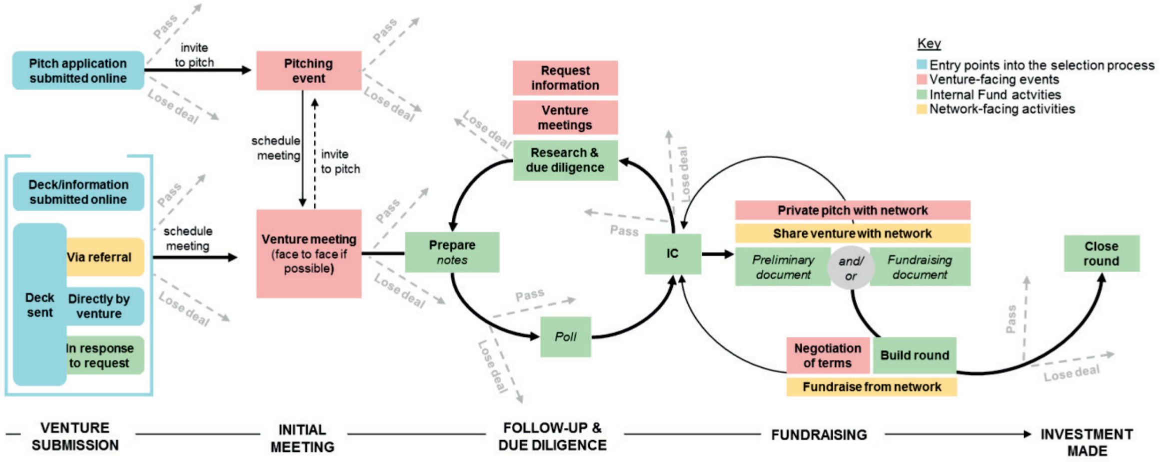


Figure 18: Investment evaluation process: sequence of empirical events

Year	Milestones	Deals (cumulative)		Investments (cumulative)		Annual investment rate	
		Received	Reviewed	Total (incl. follow-ons)	New investments	Total (incl. follow-ons)	New investments
1	Begins angel investing	16	14	1	1	7%	7%
2	Operates full-time	90	61	4	4	6%	6%
3	First exit	770	711	6	6	0%	0%
4	32M Euro fund launch	1489	1436	16	12	1%	1%
5	1614 deals reviewed	1614	1614	19	14	2%	1%
Annual average (non-cumulative)		322.8	322.8	3.8	2.8	3%	3%

Table 21: Milestones and deal statistics of the SVC Firm[62]

This study's analysis of decision-making data produced in real time revealed 1,614 investment evaluations by the SVC over the course of 4.5 years, with an average of 323 decisions per year, as indicated in Table 21 and Table 22. As indicated in Table 22, each of these decisions took an average of 4.9 weeks to make, relying on six main categories of venture criteria.

Overview of decision-making criteria applied to investment proposals

In our final sample, 21 investment proposals were still under consideration (1.3%) and 19 investment proposals had been accepted for investment (1.2%).

[62] For expanded version see Table 28 in this Appendix G.

Year	Reason for ejection (main reason only)[63]							Other statuses		Average duration (weeks)	Total decisions
	Product /service	Market	Finance	Team	VC focus	VC context	Other[64]	Under review	Invested		
1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	92.9%	0.0%	7.1%	N/A	14
2	0.0%	0.0%	2.1%	0.0%	40.4%	0.0%	51.1%	0.0%	6.4%	1.8	47
3	6.5%	4.2%	1.8%	0.3%	31.8%	16.2%	38.9%	0.0%	0.3%	5.1	650
4	11.2%	5.9%	3.0%	1.0%	39.2%	11.9%	25.8%	0.7%	1.4%	5.7	725
5	10.7%	5.6%	1.7%	0.6%	24.2%	5.6%	41.0%	9.0%	1.7%	6.8	178
Avg.	5.68%	3.14%	1.72%	0.38%	27.12%	6.74%	49.94%	1.94%	3.38%	4.9	322.8
Total	8.8%	5.0%	2.4%	0.6%	34.3%	12.5%	34.1%	1.3%	1.2%	N/A	1614

Table 22: Reason for ejection over 5 years of investment

Sixty-one investment proposals were in limbo (3.8%), where the SVC's decision was a "soft pass" or "let's not fully pass." These "in limbo" ventures often occupied a section in the IC minutes called "on the shelf," and enjoyed regular interaction with the Firm. The literature refers to a similar concept, called an "open door rejection" (Petty & Gruber, 2011), in which the VC does not reject the venture, but encourages the venture to return at a later date. A similar phenomenon was found in the SVC data—e.g., "Wait for prototype" (IC Minutes)—however, the SVC data also revealed instances in which the Firm did not rely on the venture to return but assigned *itself* the task of proactively reaching out to the venture and re-introducing the venture back into the evaluation process.

Cases in the literature tend to depict the precarity of these "in limbo" ventures as due to the VC firm's lack of conviction in the venture, wherein it is the venture's responsibility to return with greater proof of future success. This would suggest that the status of these proposals is "rejected" but with the possibility of being re-opened. In this study, evidence suggests the SVC takes a more proactive approach towards reconsidering the investment proposal, although the status of the proposal itself indicates it is not currently under consideration, hence, we use the term "soft pass" from the IC notes to denote this category of investment outcomes. Moreover, soft passes are considered as ventures which are not being actively considered in the evaluation process, narrowing our sample of ventures no longer under consideration to 1,513.

Looking only at the sample of investments no longer under consideration (n=1,513), we find that ventures were rejected due to attributes related to their product/service (9.3%), their targeted market (5.5%), their finances (2.8%), their team (1.6%), and other attributes specific to this VC's strategic focus/preferences (36.0%). This breakdown is shown in Figure 19.

---

[63] Exemplary data for each category and sub-category is included in Table 42, in Appendix F. Figures in Table 22 indicate the main reason for rejection, for figures on all reasons for rejection, see Table 42, in Appendix F.

[64] As indicated in the codebook in Table 19, this category includes investment evaluations which did not reveal a clear reason for the investment proposal's failure. This topic is addressed in the following section.

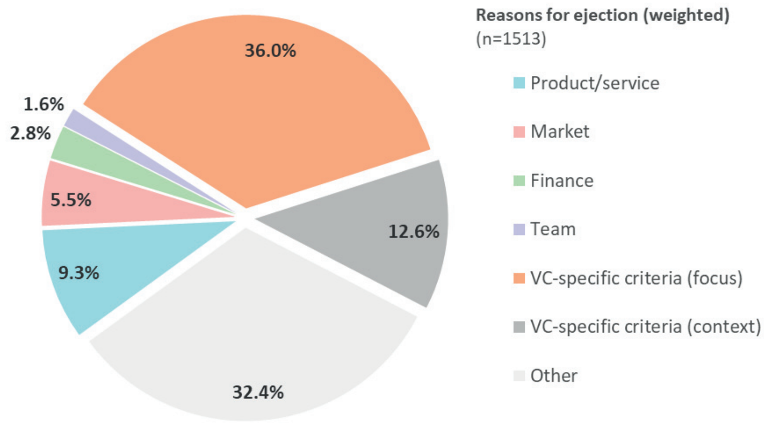


Figure 19: Reasons for ejection (weighted)

Out of the 32.4% of the sample rejected by the Firm without a specific reason, roughly 10% were investment proposals received from university students for a university event. Fieldwork revealed these were often early-stage projects not currently seeking equity funding.

Among the *VC-specific* criteria, we differentiate between those VC-specific reasons that are specific to the Firm's venture focus and deal preferences (i.e. "strategic focus"), and those VC-specific reasons that are specific to the VC's *context.* The former are *rejections* of the investment proposal by the SVC; the result of (intentional) investment decisions, while the latter are simply *ejections,* i.e., the venture is no longer under consideration due to VC-specific circumstances, outside of the VC's control. One hundred ninety-one (191) ventures were unintentionally ejected from the evaluation process (12.6%) due to VC-specific circumstances. These ejections include practical, context-specific reasons which explain why a positive investment outcome did not occur from the side of the VC and the venture. On the venture side, some of these context-specific reasons are triggered by the venture for practical reasons (e.g., the SVC interacts with the venture at a time when the venture is not currently raising).[65] However, sometimes the venture's decision were sources of disappointment for the Firm (e.g., SVC was not offered an allocation). Exemplary data for each category and sub-category in Table 42, in Appendix G.

Delving deeper into the sub-category of the VC-specific criteria (VC focus), we find that 78% of all 545 VC-focus reasons for rejection were related to the venture's social mission (see section in the table below labelled *VC-specific criteria*), followed by the following sub-categories:

[65] As indicated by Figure 18, the VC sourced and evaluated investment proposals from numerous sources, first, on behalf of pitching competitions in which the prize is not equity investment, second, through their website, third, via referral, fourth, via email or in person, or fifth, in response to a request by the SVC to the venture. This diversity of sources partly explains why investment proposals failed in this sample due to the fact that the venture is not pursuing equity investment, however, as explained in the following section, at times, the venture changes its mind and entirely withdraws its investment proposal from the market.

venture stage (16.9%), venture location (3.4%) and deal structure (1.7%). These four sub-categories (see left side of following figure) groups cases of ventures which could be extremely appealing to the Firm, but are outside of the Firm's scope (e.g., too late-stage, unfamiliar location) or investment strategy (e.g., no preferred share allocation).

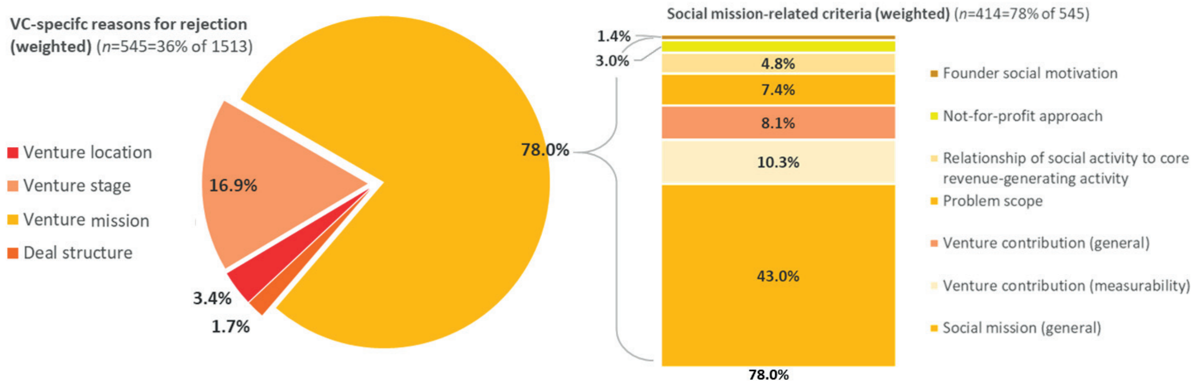


Figure 20: VC-specific reasons for rejection

Criteria related to a venture's social mission were of particular interest to this Firm and were applied in roughly a quarter of their rejected investment proposals (for exact breakdown, see data table Appendix G, Table 42). As indicated in the pie and bar graph in Figure 20 (see bar section at right), and in Table 23, seven unique code groups represent how social VCs *actually* assess the potential of investments with regards to the social performance.[66]

In the first code group related to social-mission-related attributes, "social mission (general)", we found evidence that the social VC applies both inclusion and exclusion criteria to achieve their desired social outcome. First, the Firm *excludes* venture proposals related to controversial domains, such as stem cell research or alcohol consumption, viewing these as potentially harmful to the venture's social mission, and, by extension, harmful to the SVC's cause as a firm.

[66] See Table 42 in Appendix F for additional exemplary data as tied to themes and top-level categories.

Reason for rejection	Sub-category	Themes (sub-sub-categories) (4)	Code groups examples (7)	Exemplary data[67]
VC-specific reason for rejection	Venture mission	(A) Venture's social issue selection	1. Social mission (general)	- Action Area=N/A (20, SVC Database) - Social (Yes/No/Maybe): No (28, SVC Database) - P2 relayed message: pass on investing due to lack of fit with our impact framework (67, SVC Database) - Very intersting idea [sic], but not clear what social outcome here is (564, Poll)
			2. Problem scope	- I'm not sure there is a clear enough fit with our investment areas and impact focus, but we do wish you all the best (179, Correspondence with venture) - not clear on idea/problem. Excited by the functionality but not the problem? (348, Poll)
		(B) Venture's contribution to a social issue	3. Venture contribution (general)	- Team does lack an education lead. Founder brings advertising and student-friendly content, but the real ""meat"" here appears to be how good the tech is in engaging the students and how effective this is as an educational tool (1270, Poll)[68] - Ultimately helping coaches better manage and grow book of clients is not a 'bad thing' [by] any means, but am not convinced that this fits with our impact framework. To argue this drives increased and more regular physical activity from this who are not already playing these sports (especially de novo) seems tenuous. (1307, Poll)
			4. Venture contribution (measurability)	- We believe the venture is currently not analogous with our broader portfolio, as we seek to measure the pre-determined social outcomes generated by the product or service of the company. (141, Correspondence with venture) - We could not arrive at a consensus in how [venture] fits into our investment framework, particularly in how we aim to measure the social outcomes generated by the products over time. (1322, Correspondence with venture)
		(C) Venture's approach to a social issue	5. Relationship of social activity to core revenue-generating activity	- last minute delivery is very competitive, what makes these guys better? Why does employing people with disabilities make sense from a business perspective? Price and service are everything in last mile and I struggle to see these guys competing on either. (98, Poll)
			6. Not-for-profit approach	- NFP [not-for-profit]- not for us (277, SVC Database)
		(D) Founder's role in executing venture's plan	7. Founder social motivation	- DM1: Interesting to hear back from them. We invited them to [upcoming February event at a business school]. [DM2] did you see that? [DM2]: Yeah, I saw they were like, "I'm a bit too big time for this." […] "They were basically like this is beneath us. [DM1]: Yup. To our event. I tried to be really positive in the email [DM2]: I know. I saw. [I guess their idea is cool] but they just are not the people to do it, I don't think. There's just no ... they have just hacked this, there's no, sort-of like "I care" at all... [DM1]: Judging from the email it sounds like that's true. (595, IC Transcript)

Table 23: Attributes related to SVC's social-mission-related reasons for rejection

[67] All data in this table are direct quotes from archival data. Each number refers to a different investment proposal. See Table 42 in Appendix F for additional exemplary data on venture mission.
[68] Note: the entire quote in this investment decision suggests a dual purpose for rejection (venture contribution to social mission and value proposition).

Second, they engage in "*investment targeting*" across five explicit investment themes, excluding every venture investment proposal which does not address poverty alleviation, education, environmental sustainability, social relationships in the family and community, or healthcare. This provides a simple framework the Firm can use to quickly assess a venture as having "no impact" (Venture 1391, SVC Database), or, more objectively, "not a fit with impact framework" (Venture 983, SVC Database). At times, these evaluations were expressed with regret. As a member of the Firm (Founding Partner) wrote in the Firm's internal poll, "No social impact. But [very] impressive venture. What do we do with such ventures??? (strong, but not a fit)" (919, Poll). In another poll he wrote, "love the concept, but dont [sic] see the impact outcome that is relevant to us. Shame." (730, Poll).

Over half of the Firm's social impact assessments were linked to the "social mission (general)" code group (55%), while the other 45% of investment evaluation related to the venture's mission were concerned with the following:

(A) the venture's *social issue selection (problem scope)*

(B) the venture's *contribution to a social issue*

(C) the venture's *approach to a social issue,* and,

(D) *the founder's role in executing the venture's plan.*

In the first theme (A), the social VC devoted significant portions of text in their polls and meeting notes to understand whether a venture had identified a socially meaningful issue (within the five investment areas). Ten percent of all ventures rejected for mission-related reasons were rejected due to problem scope. On the contrary, at times the VC seemed to conclude that the venture targeted an important problem with an inadequate solution, bringing us to the second theme (B). Regarding the venture's solution, the social VC rejected ventures in two code groups: cases in which the venture's contribution was deemed insignificant (13% of ventures rejected for mission-related reasons) or potentially significant, but not measurable (10%). However, the relationship between the venture's social contributions and its revenue model was also key, which covers the third theme (C). The SVC sought revenue models that mutually reinforced commercial and social performance, using the term "lock-step." Using this set of venture criteria, the SVC avoided ventures who had—due to their revenue model—a high risk of prioritizing commercial outcomes at the expense of the social activity, or vice versa (6% of ventures rejected for mission-related reasons). This included cases of the SVC rejecting ventures who adopted a not-for-profit approach (4%). Finally, in a fourth theme (D), the founder's social motivation was also seen as key to driving social outcomes within the venture. Cues of uncertain or primarily commercial motivation were seen as unfavorable by the SVC (2% of ventures rejected for mission-related reasons).

The findings from this section were a result of numerous coding iterations in dialogue with the data and the literature. Interestingly, the latter phases of analysis and reporting (Phase IV) revealed an interesting pattern with regards to the *venture-mission-related* investment proposal attributes identified by the SVC and how they compare to the *commercial* investment proposal attributes discussed by the SVC. The following section describes the overlap between the two and the dualistic lens applied to these attributes by the SVC.

Do you see what I see? Social-mission-related criteria as a lens

This section describes findings from Phase IV of the analysis. As indicated in the prior sections, Phase III's rigorous inductive analysis placed the venture-mission-related criteria used by the SVC in the same top-level category as venture-location-related criteria and venture-stage-related criteria. That is to say, the venture-mission-related criteria were categorized under *VC-specific criteria,* thus, by design, these criteria were intended to be independent from other criteria used by the VC. In Phase III, investment proposal attributes highlighted by the venture-mission-related criteria were mostly independent from investment proposal attributes highlighted by the commercial categories of criteria (e.g., market, finance, team, etc.). Phase IV, on the other hand, returns to these same data coded as venture-mission-related criteria, and finds that a subset of these data, originally coded as venture-mission-related investment evaluations, may also be categorized under other top-level categories. This is explained in the following section. However, there are two immediate consequences to this finding.

First, this casts *VC-specific criteria* related to preferences and foci in a *strategic* light. Without Phase IV's findings, it is more likely that these VC-specific criteria would be considered arbitrary preferences, or solely path-dependent outcomes. Hence, as indicated in Table 19 and the findings section of this study, VC-specific criteria are divided into two sub-categories: VC-specific *strategic* foci and VC-specific context. Venture mission as a strategic focus and thus, social mission as a potential lens for understanding commercial performance is discussed in the following section. The second implication is more philosophical; the bridge between venture-mission-related criteria and "non-venture-mission-related" criteria calls into question the nature of venture attributes. The initial assumption in this study was to consider venture attributes objective constructs, and assess VCs' evaluation of these constructs, however, the patterns uncovered in Phase IV suggest that venture attributes in a selection of evaluations can be interpreted subjectively, by the researcher, as well as by the VC, as demonstrated in Figure 21. These findings and implications are elaborated upon in the following sections.

Venture mission as a lens for understanding commercial performance. In selected investment decisions, the VC's understanding of ventures' social mission offered a framing device (i.e., lens) with which to understand ventures' commercial potential. A positive understanding of the venture's social mission was able to *reinforce* performance expectations on a commercial side. For example, in Phase III, the code group *venture contribution to social issue (measurability)* was classified under *VC-specific criteria (focus)*, essentially viewed as a revenue-irrelevant filter (e.g., like geographic scope). However, fieldnote excerpts suggest that in selected venture evaluations, attributes captured by social-mission-related criteria, such as the ability to measure a venture's contribution to a social issue were in fact, tied in the VC's evaluation to more traditional venture attributes captured by VC criteria. The data suggest that the VC believed these were not revenue-irrelevant and should actually *drive* revenue. As a member of the Firm explained,

> *"[Our metrics] should be relevant from an impact perspective, so you know, you can use "units sold" for anything. I could say that's a pack of cigarettes. We want to be* actually *saying: how [socially] effective is that company being with that number? Therefore, [asking] what is the revenue with our view [means asking how much positive social change are you creating? And] that if you're really creating positive social change, your revenue should increase. It all ties back to our belief that doing good generates an attractive return*" (VC3, Fieldwork).

Taking a more constructivist approach with our data suggested that the Firm's venture-mission criteria were not intended to be commercially agnostic, but, in fact, help the VC to inform their view of "non-mission-related" venture attributes.[69] Phase IV offers an alternative top-level category coding, not to replace the initial coding, which was validated, but to draw attention to a complementary classification of the lower-level code groups.

In another example, the SVC considered a premium health gadget, targeting the high-end market (row 7 in Table 24). Representative data from the SVC on this investment decision reads, "No impact, but a potentially lucrative high margin business if the sales strategy can be accurately executed" (724, Poll). While this comment indicates that the Firm rejected the venture due to social-mission-related characteristics and not traditional market-related characteristics, we received pushback from the SVC during a "member check" (Nag, Corley, & Gioia, 2007; Van Maanen, 1979), where they insisted, "No, it is *because* the venture is not

---

[69] As explained in Phase IV, during the development of our codes, we attempted to consistently interpret the codes in one way for post-positivistic scientific rigor (Morrow, 2005; Rynes & Gephart Jr., 2004). However, in adopting this singular and segregated perspective (i.e., traditional VC criteria in one set, and mission-related criteria in another set), we realized we may have masked the data's occasional dual meaning.

helping that many people, that we do not think it's a good deal. They exclude a large part of the population" (VC3, Fieldnotes).

Dualistic feature of venture attributes allows dualistic VC to inform its understanding of the ventures' social and commercial potential. This section attempts to come closer to the actual, dualistic way in which the Firm views venture attributes in selected investment proposals. In some of the Firm's evaluations, it views venture attributes traditionally associated with commercial outcomes as indicators of commercial potential, which is captured by individual code groups (see Table 42 in Appendix G for a breakdown). Likewise, other investment evaluations draw attention to venture attributes traditionally used to indicate social potential, also captured by the venture-mission-related code groups used (see Table 23, above). However, what is striking is that these two separate sets of venture attributes at times overlap and appear to be used by the VC to make decisions about both the venture's commercial and social potential. The following figure illustrates how coding protocols from Phase III and Phase IV relate to each other (Figure 21).

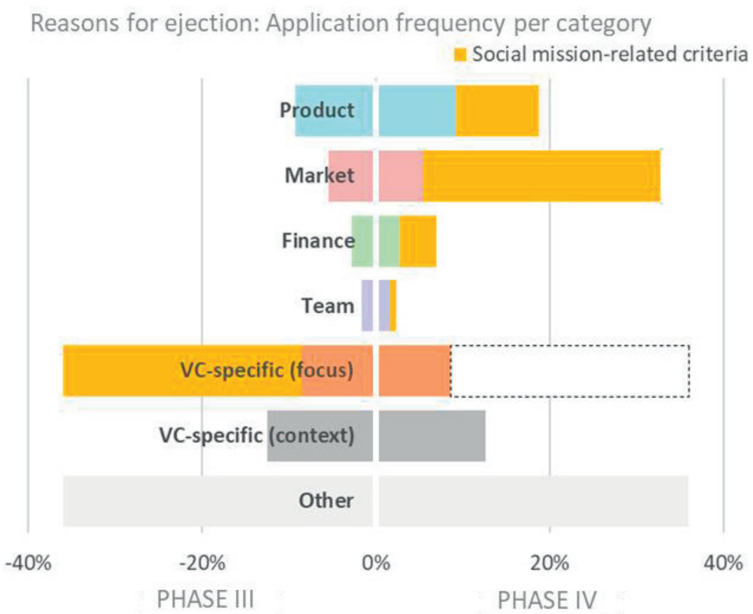


Figure 21: Reasons for ejection revealed in Phase III and Phase IV (per top-level category)

In other words, while some of the VC's investment evaluations build on commercial venture attributes to predict commercial potential, and other investment evaluations build on social-mission-related attributes to predict social potential, some venture attributes evaluated by the VC were used to make decisions about both the venture's commercial and social potential. Returning to the evaluation of the premium health gadget, targeting the high-end market (row 7 in Table 24), an excerpt from the SVC's message to the venture indicating their investment decision indicates its use of "objective" venture attribute (a high-end customer target) to predict both commercial and social value, related to the venture's ability to address a lucrative market, and its ability to fulfill an important social mission. The Firm writes to the venture,

> *"The feedback from the [SVC] team this morning was that whilst the technology was fascinating and the team compelling, we could not get comfortable with the following points:*
> *1). The high price point excluded large parts of the population, and therefore limited the positive social outcome generation. 2). The go-to-market strategy was not diversified or differentiated enough to really excite us."*

Data on this particular investment evaluation was treated in the following way: the data remains under the code group of *problem scope (high-end customer target),* as indicated in code group 2, in Table 23. However, in Phase III of the coding, this code group would be classified under the *VC-specific criteria (strategic focus): venture mission,* while in Phase IV, as row 7 in Table 24 indicates, this code group can also be classified under the top-level category of *Market.*

As these data and as Figure 21 illustrate, both coding protocols are reliable and justified. The data remain consistently grouped together through rigorous reliability tests; however, the top-level category changed (Gibbert, Ruigrok, & Wicki, 2008). However, while data in Table 24 makes a philosophical point about how the dualistic nature of the venture attribute and the viewer's perspective may question the objective and "real" nature of investment proposal attributes, the data also reveals practical consequences.

First, as seen, the dualistic nature of the venture attribute, combined with the SVC's dualistic mission renders the Firm sensitive to possibility that an evaluate venture will only serve niche markets (even if these are high-value markets). Second, one striking consequence of transferring venture mission-related code groups from the broader venture-mission umbrella to specific venture categories, is the five-fold increase in market-related reasons for rejection, as indicated in the Figure 21. For example, one of the SVC's decision-makers remarked that a particular investment proposal's vision was "Hard as being crowded out by NGOs and govt [sic]" (Venture 368, SVC Database). While this finding inherently makes sense since dualistic ventures may face more competition than ventures with single identities, needing to defend and differentiate themselves form multiple angles (Livengood & Reger, 2010), the empirical data provides a sense of the magnitude of the shift in evaluation practices due to the presence of social-commercial organizational duality.[70]

[70] Note, the act of lens switching differs from the act of rejecting a venture for both commercial and social reasons. The SVC did the latter in 44 percent of the instances in which it cited a social-mission-related reason for rejection, and the former in 10 percent of the instances.

Exemplary Data Indicating Reason for Rejection[71] *(Note: decisions may have multiple reasons)*	**Phase III Coding (original)**		**Phase IV Coding (alternative)**	
	Sub-category	**Code group**	**Category**	**Sub-category**
I'm not sure there is a clear enough fit with our investment areas and impact focus, but we do wish you all the best (179, Correspondence with venture)	VC-specific criteria (venture mission)	Social mission (general)	Market	Social impact area
Discussed at IC on 16.01 - not a fit due to testing of stem cells (258, SVC Database); Don't think we should be investing in company using human stem cell research. Personal views aside, this is still controversial area. (258, Poll)	VC-specific criteria (venture mission)	Social mission (general)	Market	Social approval risk
I did not buy into the idea of selling to rich and then subsidizing the solution for the poor. This is not lock step. It should make money by servicing the poor. Can they change to make this more accessible? More detail on the business plan and revenue model? (815, Poll)	VC-specific criteria (venture mission)	Relationship of social activity to core revenue generating activity	Revenue model	Relation to social activity
"Not a fit for venture (more NFP)" (1560, SVC Database)	VC-specific criteria (venture mission)	Not-for-profit approach	Revenue model	Profit model
DM1: Can they sustain and grow as a for-profit? Seems more like a (great) nfp [not-for-profit] model. Again, $1.50 is quite expensive for a wash and reading session (I paid about the same for 3-4 weeks of washing - soap and water, my own two hands). [venture offers washing machines for rent, inside a community library] P1: Nice idea, but I really struggle to understand the business viability. (790, Poll)	VC-specific criteria (venture mission)	Not-for-profit approach	Revenue model	Profit model
Team: Average - the team has extensive business experience (particularly the CEO) but seems to have limited focus on generating real social impact. (93, Venture Meeting Notes)	VC-specific criteria (venture mission)	Founder/team social motivation	Founder /team	Commitment (to generating positive social outcomes)
VC2: Too niche and high-end for the moment, perhaps we can revisit if they look to broaden their appeal? VC1: [Vote no.] I think the impact case here is weak. VC3: [Vote no.] from an impact perspective. VC4: [Vote no.] No impact, but a potentially lucrative high margin business if the sales strategy can be accurately executed. (724, Poll)	VC-specific criteria (venture mission)	Problem scope (high-end customer target)	Market	Size (niche premium market)
[We] struggled with the product's ability to be a truly differentiated and 'game changing' technology within the accessibility market. (785, Correspondence with venture)	VC-specific criteria (venture mission)	Venture contribution (general)	Product /service	Differentiation of (social) proposition
How can you measure that and what is actually a leading indicator? Also, because we don't measure impact and for the sake of measuring impact. You measure impact in the belief that it should be driving your financial story. […] We'd need to think about what is a driver of success for your business alongside delivering a positive social outcome. (777, Fieldwork notes)	VC-specific criteria (venture mission)	Venture contribution (measurability)	Product /service	Competitive advantage (social proposition effectiveness)

Table 24: Exemplary data of alternative coding of SVC's mission-related decisions, revealing SVC's use of dual lens[72]

[71] All are direct quotes; each number refers to a different investment proposal.
[72] Additional exemplary data of alternative coding is included Appendix F under Table 43.

The first section of the findings confirms and elaborates what the literature on social investor decision-making says about the use of social and commercial filters in the venture evaluation process. The second section extends understanding of how impact investors translate their dual goals into the evaluation process and illustrate their use of criteria as lenses, and not only filters. This section also illustrates an overlap between the “objective” venture attributes used by the SVC to understand ventures’ commercial and social potential.

While these prior sections provide a richer understanding of social investing with regards to the social and commercial concerns of impact investors and social VCs, the main message is that both social and commercial venture attributes are important, independently and in relation to each other. However, investigating the frequency of the application of investment criteria *over time* offers an opportunity for more nuanced understanding. Findings from this analysis is discussed in the following section.

Criteria at different stages of evaluation

This section analyzes the top reasons for ejection at different stages (with stages being defined by the number of weeks a proposal was under review prior to leaving the process).[73] In the following table (Table 25), 11 reasons for ejection are identified, all of which ranked in the top five reasons for ejection in at least one of the week segments (e.g., ejection during weeks 1-2; weeks 3-6). As indicated in rows 2 and 3 of the following table, the two most common reasons for rejection in our sample—value proposition, one of the most common *commercial* reasons for rejection (Carpentier & Suret, 2015; Petty & Gruber, 2011), and venture mission (*social*) (ranking in the top 5 reasons for rejection across all but one week segment)—confirm what is known from the traditional VC decision-making literature, as well as from the social investing literature. However, what the week-by-week analysis of reasons for ejection interesting reveals is high variation in the length of the evaluation period (for ventures in the pipeline for greater than two weeks), even when holding the reason for venture rejection constant. As indicated in Table 25, ventures are removed from the pipeline for reasons related to the venture’s *social mission (general)*[74] over 1-2 weeks of evaluation, 3-6 weeks of evaluation, 7-12 weeks of evaluation and 25+ weeks of evaluation. This high variation, coupled with data on the VC’s engagement with ventures suggest that the SVC *prolongs* the formal evaluation period to help

[73] “Reasons for ejection” is the umbrella category for all ventures removed from the SVC’s evaluation process. Since Table 25 includes both SVC-driven reasons for ejection (the SVC rejected the investment offer) and non-SVC-driven reasons, the term ejection is used.
[74] Social mission (general) is a criterion which emerged from data which indicated that the venture, for unstated reasons, is inadequate with regards to its social mission. Tables 23, 24, and 42 (in Appendix F) provide exemplary data on this code group.

improve evaluated ventures *despite* understanding the venture's immediate investment potential.

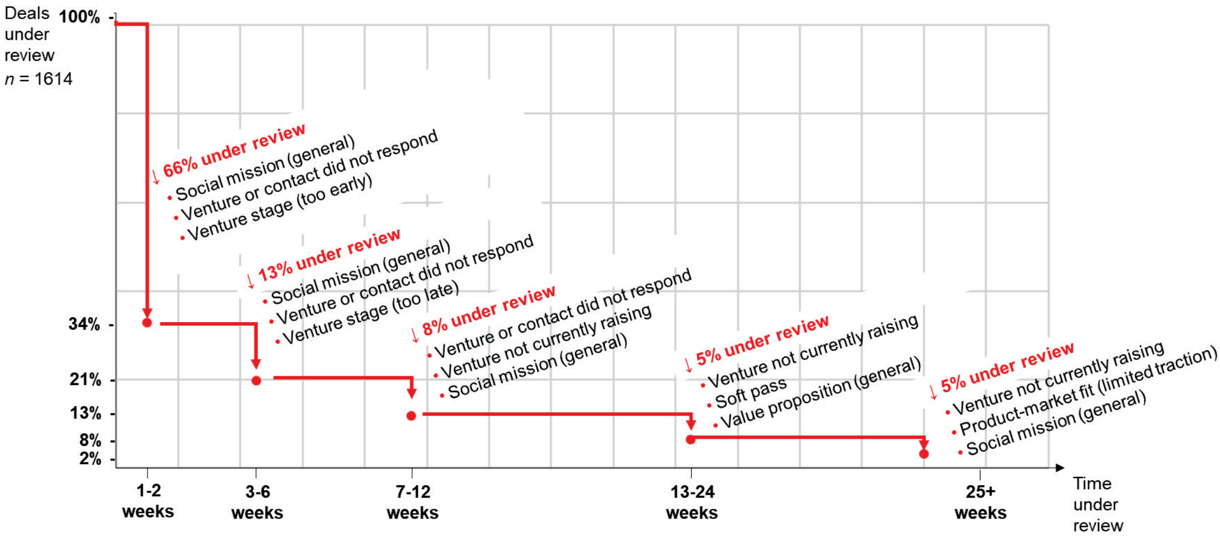


Figure 22: Most frequent criteria applied at different stages of evaluation

Results from regarding another reason for ejection suggest provide evidence for this narrative. For example, in all week segments in which the SVC makes rejections, the top reason for rejection was that venture was not currently fundraising. This is surprising, because unlike social impact-related, or even some commercial attributes, whether a venture is pursuing an equity fundraising round is an easy attribute for the SVC to test for (i.e., does not require weeks). The data provide two explanations for this outcome, although there may be more. First, the SVC often wrote notes such as, "Not raising. Stay in touch for raise in Q3" (IC Minutes). This suggests that the SVC engages with ventures, and reaches out to ventures, *prior to* a real investment opportunity. The second explanation is a possibility that SVCs are misled by ventures. In one internal document prepared by the SVC, they wrote, "Venture decided to not take [VC] investment [after we] connected to grant making bodies, legal counsel, advice, connections to potential clients" (795, Internal document). These data provide evidence for the finding that the SVC's goal in evaluating investment proposals is, surprisingly, not to identify immediate targets for investment. The criteria set applied by the SVC suggests they have high standards for investment, but that the investment proposal evaluation process itself is not for the sole goal of identifying immediate investments. This fundamentally challenges the assumed parallel between social VC and VC decision-making. We elaborate on this finding in our discussion.

Another surprising finding, among the top reasons for ejection, is the Firm's use of the "soft pass." The data reveals that, in this case, the Firm would indicate "no further [investment] action," and simultaneously continue to support and engage ventures, staying in "close touch," conducting “monthly check-ins” (SVC database). Fieldwork revealed that these engagements benefited some ventures, helping them to access incubation, grant-funding, or other connections, but might have led to false hope in others—an outcome the SVC was particularly attentive to.

One of the SVC’s decision-makers expressed the following sentiment regarding an exchange with a venture, “They were like, ‘you could have made the decision earlier.’ Like they kind of felt led down the garden path” (VC3, Venture 803, Fieldwork). This comment was part of a larger spontaneous reflection, observed during fieldwork,

> “*When we say that we just want to help, like are we actually being hugely negative? Are we actually having… Are we not being helpful? Because if we’re not truly committed to the deal, should we say that we’re not truly committed to the deal? […] I thought [Venture 1241]* could *be interesting if they pivoted. But not so much that I would back and bat for them no matter what. […] So, should we* do *that? Right? Where we’re actually trying to be helpful, but we actually do* more *damage because they waste their time speaking to us where we think that this* could *be interesting to us, but we’re not sure. [Then again,] I think that if we had started this conversation with ‘I want to help you but we’re never going to invest.’ They would tell you, well, [buzz] off then, why are you wasting my time?”* (VC3, Fieldwork).

Frequency rank	Reason for ejection by code group	Top Five Reasons for Ejection					
		Overall	Week segment				
			1-2	3-6	7-12	13-24	25+
1	Venture not currently raising	✓	✓	✓	✓	✓	✓
2	Social mission (general)	✓	✓	✓	✓		✓
3	Value proposition (general)			✓	✓	✓	✓
4	Soft pass	✓	✓		✓	✓	
5	Venture did not respond		✓	✓		✓	
6	Venture stage (too early)	✓	✓				
7	Venture stage (too late)	✓		✓			
8	Product-market fit (limited traction)				✓		✓
9	Venture stage (valuation too large)					✓	
10	Finance (revenue model)						✓
11	Investment made					✓	✓
	Total number of decisions	1,614	1,078	219	127	96	94

Table 25: Most frequent criteria applied at different stages of evaluation

To check if this social VC was leading ventures on longer than other VCs, we compared our results with the only other example of a longitudinal study of a traditional VC, and we find that the pace of evaluation is roughly similar, and even faster, particularly for the last 8% of the pipeline. In the 8 months it took the SVC to decide on 98% of all its investment proposals (see Figure 22, above), a traditional VC studied by Petty and Gruber (2011) decided on 90% of submitted investment proposals from their evaluation process (see Figure 46 in Appendix G for comparative graph).

This extension to the analysis demonstrates how the the social VC's dualistic orientation affected evaluation at different stages of the evaluation process. Interestingly, this section indicates clues into the evaluation process of the VC and which types of investment proposals they may be receiving. Overall, our findings indicate that social VCs do not only use a different evaluation criteria set in their decision-making, but perhaps due to their different investment proposal sourcing techniques (see Figure 18), they may receive much earlier-stage, and more malleable ventures, which demand a style of engagement fundamentally different from traditional VCs.

Discussion

This study conducted an in-depth, exploratory, longitudinal case study of a social VC based in a major city in Western Europe. Leveraging the "front-row seats" we received through privileged data access in applied inductive, qualitative analysis—with a high degree of reliability—we were able to identify 1,614 investment outcomes, and investigate, in each case, the fine-grained *reason for ejection*. These reasons for ejection included *intentional* reasons for rejection related to commercial concerns and social mission concerns—intentionally driven by the evaluation and decision-making process of the SVC—as well as, *circumstantial* reasons for ejection, and, finally, *venture-driven* reasons for ejection (i.e., the venture declines the offer).

In doing so, this study offers the first nomenclature of impact investing derived from a large sample of actual decisions—data which is not only high in internal and ecological validity, but also, generalizable to early-stage investors (which has not usually been the case in impact investing research). Our coding process confirms what the literature says about the use of social and commercial filters. We uncover fine-grained data on the SVC's use of both commercial and social filters and find that the rate at which the SVC applies non-social-mission-related criteria is three times[75] the rate at which it applies social-mission-related criteria.

Moreover, in the latter phases of our coding process, informed by researcher reflexivity, the study uncovers additional evidence of how SVC's translate dual commercial and social concerns into its selection and evaluation process. In particular, social mission concerns do not only translate to the decision-making process in the form of filters (Höchstädter & Scheck, 2015; Rudd, 1981), but also serve as lenses which help the SVC to better understand the venture's potential from a commercial perspective. Moreover, the study reveals that the SVC's dualistic approach allows

[75] This 3x multiple includes circumstantial reasons for rejection and VC-firm specific reasons in *non-social-mission-related.*

"objective" venture attributes to inform both venture-mission-related and commercial criteria.

Lastly, among ventures under consideration for greater than two weeks, the study finds high variation in the length of the evaluation period, even when holding the reason for venture rejection constant. The evaluation outcomes uncovered in this study suggest that the SVC prolongs the formal evaluation period to help improve evaluated ventures despite understanding the venture's immediate investment potential. These findings have implications for the literature at the crossroads of venture capital decision-making and hybrid organizing.

Implications for hybridity and venture capital decision-making

Our study complements and contrasts traditional studies on investor decision-making in several ways. With regards to venture capital research, this study challenges the view of venture capitalists as rational and objective information processors (Khan, 1986). While the venture capitalist's imagined role was to assesses an opportunity existing in the real world, and to make decisions based on what the opportunity might yield for herself and for the firm (Chrisman, Hoy, & Robinson, 1987; Hall & Hofer, 1993; MacMillan et al., 1985, 1987; Poindexter, 1976; Wells, 1975), this study demonstrates, first of all, that commercially-driven decision-makers may explicitly choose to integrate social concerns into their evaluation criteria and practices. Moreover, this study shows that the SVC may do this *both* at a commercial cost to itself, as well as, as a way to improve its commercial prospects.

Second, this study demonstrates *how* investors do this. The literature indicates an SVCs' role is to "provide capital and value-added activities" to "social enterprises [that] exhibit a potential for a high social impact" (Scarlata & Alemany, 2010: 123–124). However, what exhibiting potential for a high social impact actually means in terms of selection criteria and investment proposal attributes has, until this study, remained unclear. Moreover, the degree to which SVCs— who claim to be driven by a dual social-commercial identity—actually apply these criteria has not previously been confirmed. This study, however, reveals the specific commercial and social venture attributes sought by impact investors, and the frequency at which they reject ventures which do not fulfill these requirements.

The commercial criteria applied by the SVC mirrors traditional criteria present in the traditional VC decision-making literature, including the venture's offer—how compelling the product, service and underlying technology is—(Silva, 2004); finances—current cash flows, revenue sources and financial projections (Petty & Gruber, 2011); market—the size, growth rates and level of competition in targeted markets and industries (Gruber et al., 2015); commercialization strategy—venture strategy and route to market; team—founding team commitment and relevance of management and technology experience (Franke et al., 2008; Goslin & Barge, 1986; Robinson, 1987; Zopounidis, 1994); as well as valuation—price of equity and other deal characteristics (Muzyka, Birley, & Leleux, 1996). The latter social-mission-related criteria also confirm what we know from the social investing literature, including *inclusionary* criteria ("investment targeting" across focus areas) and *exclusionary* criteria (the avoidance of potentially harmful business sectors).

These contributions join work by other scholars considering the social and psychological characteristics of investors, such as passion (Mitteness, Sudek, & Cardon, 2012; Shepherd, 2015) and social motivation (Allison et al., 2014), by offering rich data on *how* investors who are socially motivated select and evaluate investments. Generally, the inclusion of multiple (non-financial) perspectives has not been embraced in the investor decision-making literature, considering social motivation as a factor that hinders objectivity and accuracy.

Our study, however, differs from past studies in our extended empirical illustration of *how* social and commercial identities translate into decision-making—in our case, these were not only translated into filtering criteria, but also used as framing devices ("lenses"), which "gave" value to "objective" venture attributes. Our findings on lenses have two implications. The first implication relates to cognitive framing as an evaluation tool. In particular, the study finds that social-mission-related criteria are not only a set of exclusionary criteria applied to investment proposals prior to, or following, a "traditional" evaluation, but that these criteria also serve as a lens that can be used by socially-motivated managers who are considered to be important traditional business actors. These findings suggest that viewing traditional business attributes through the lens of a social mission can help managers understand the degree to which a business's social mission provides an advantage in traditional business areas, as well as the contrary, that viewing social attributes through the lens of traditional VC criteria can help managers determine whether a business can compete in a traditional commercial sense.

The second implication combines philosophy with practical implications. The social-constructivist perspective we bring when discussing the use of social and commercial concerns as lenses somewhat aligns with recent work revealing bias in investor decision-making (Franke et al., 2008; Gompers, Mukharlyamov, & Xuan, 2012; Kanze, Huang, Conley, & Higgins, 2017). This stream of research argues that experience shapes the interpretation of the opportunity before a decision-maker's eyes (Baron & Ensley, 2006). Likewise, we also challenge the traditional paradigm in investor decision-making wherein investors evaluate "objective" venture attributes that exist in reality. These venture attributes may not only be fluid and changing, but their actual presence may be shaped by the perspective of evaluator, and their individual or firm-specific worldviews (Freeman, 2004; Rorty, 1981).

Finally, by illustrating how SVCs use components of a venture's "objective" social attributes to construct a narrative about the venture's overall commercial potential, and by illustrating how SVCs use components of a venture's "objective" commercial attributes to construct a narrative about the venture's overall social potential, we join researchers looking at the role of narratives and sense-making in the investment process (Navis & Glynn, 2011). But while others studying venture narratives have tended to look at the narrative spun by the entrepreneur (Lounsbury & Glynn, 2001; Martens et al., 2007), we take the investor's perspective.

These two distinctive features of our study empirically address a longstanding debate on the ability of organizations with dual identities, particularly, resource-providers, to integrate the concerns of both identities (Jegen, 1998).

Practical implications

From a practical perspective, this study represents the first decision-making nomenclature of social venture selection criteria derived from actual investment decisions. In theory, we have illustrated the key attributes which can enable innovative, social ventures to obtain funding and contribute to economic, technological and social development (Baumol, 1990; Timmons & Bygrave, 1986; Zacharakis, Shepherd, & Coombs, 2003).

For entrepreneurs, the number of failed investment outcomes (rejections and ejections) due to firm-specific and circumstantial reason, suggests that entrepreneurs should research and prioritize the general concept of venture-investor fit. Moreover, mission-related venture attributes suggest that socially-motivated ventures should actively develop and articulate this component of their investment offer when approaching social investors.

Finally, our study also uncovers numerous *circumstantial* reasons for rejection, which have not received much information from the literature (for rare examples, see: Achleitner, Spiess-Knafl, & Volk, 2014; Petty & Gruber, 2011), despite playing, in our setting (and likely in others), a large role in the venture fundraising experience. For example, these contextual factors—related to venture responsiveness or the practicalities of closing a deal (e.g., failure to negotiate an investment ticket)—were responsible for a large portion of venture outcomes in our sample (12.6%). These findings suggest that entrepreneurs may be able to differentiate themselves beyond the traditional commercial *or* social and venture attributes by paying attention to other factors not emphasized in the literature, e.g., following up with unresponsive investors, finding creative investment terms or incentives for investors, becoming better negotiators. On the investor side, implementing efficient follow-up and capacity management systems may help them to attract—or at least, not lose—promising ventures despite not having a strong reputation in either the social investing or venture capital industry (Hsu, 2004).

Limitations and further research

Although inductive, exploratory research designs are not chosen for their representativeness (Siggelkow, 2007), we know that "many, if not most, organizations are hybrids composed of multiple types" (Albert & Whetten, 1985: 270). Moreover, despite scholarly and managerial interest in this phenomenon, the field's conceptual and quantitative research have not been derived from longitudinal, inductive, empirical efforts. While we do investigate 1,614 investment outcomes from data with high internal and ecological validity, these investment outcomes still pertain to the decisions of a single investment firm, one that is based in Europe. Therefore, we cannot generalize our findings to respective industries of early-stage investors, social venture capitalists, or impact investors. While the impact investing community is a close-knit, international group (Mair & Hehenberger, 2014), our setting still reflects the realities of a European firm, rather than, for example, a North American firm—the setting of most early-stage investment research (Berglund, 2011). This creates an opportunity for future comparative investor decision-making research, particularly research on investor decision-making across different cultures (Han & Shavitt, 1994; Harb & Smith, 2008), institutional contexts (Grilli & Murtinu, 2014; Li, Vertinsky, & Li, 2014; Nofsinger & Wang, 2011), and geographies (Manigart, Wright, Robbie, Desbrieres, & De Waele, 1997; Sapienza, Manigart, & Vermeir, 1996).

Moreover, while we were present for seven months of non-participant observation, our sample covers four additional years for which we were not present. If there were lapses or inconsistencies in the SVC's documentation of investment decisions in prior years, our sample would not have reflected this. On this note, it is likely that the SVC we studied kept a perfect log of each venture encounter, and each reason for rejection. In fact, 75 percent of our sample lists only one main reason for rejection. While we incorporated other reasons for rejection when data allowed and while we analyzed these data according to the main reason and according to a weighted distribution (if the venture had multiple reasons for rejection), we lack a precise and consistent ranking of rejection reasons from the investor. Once constructs of interest to the investment decision have been established through internally and ecologically valid data, this creates an opportunity for research on social investor decision making using experimental methods wherein investors can systematically rank preferences (Gruber et al., 2015; Miller & Wesley II, 2010).

Finally, while this study found intriguing results for the top reasons for rejection when viewed by duration of engagement in weeks, given that we focused our analysis on the investment decision outcome, we were unable to fully explain why one of the top reasons for ejection in the evaluation process was related to the venture's decision not to raise equity.

We discuss two possible reasons. First, the SVC may be developing relationships with ventures prior to a real investment opportunity. Second, SVCs may also be more likely to be misled by ventures. However, perhaps SVCs are less "aggressive" than VCs, engage with ventures prior to checking and confirming that there is an investment opportunity. The SVC may be engaging with the venture without the expectation of participating in the investment round. Perhaps SVCs are interacting with a different pool of potential ventures than traditional VCs—e.g., ones that are earlier stage, or who intend to target grant money (due to their social mission). Or, finally, perhaps interacting with the SVC has changed the venture's mind about raising equity financing.

This suggests that in order to truly understand how early-stage impact investors select and evaluate investment proposals, we must investigate the process more deeply *over the length* of the evaluation process. While investigating the investment outcomes has shed light on the criteria used and how they are applied, analysis of the application of criteria over time suggests that, in order to truly understand the priorities and decision-making of SVCs, we need more data points in between the time at which a venture enters SVC consideration and the time a venture leaves the SVC's consideration; we also need to examine the micro-events between submission and investment outcome.[76]

An ethnographic investigation of venture-VC interactions *prior* to the investment decision (cf. Croce, Martí, & Murtinu, 2013; Gorman & Sahlman, 1989) represents a future research opportunity which may address intriguing questions emerging from this study. Research on venture-VC relationship development suffers from the same lack of access to data as research on investor decision-making (Huang & Knight, 2017). However, given the importance and difficulty of accessing resources for young (especially young dual-identity) organizations (Aldrich & Fiol, 1994; Harding, 2007; Lyon & Ramsden, 2006; Pache & Santos, 2013), we join scholars who call for more research on investor decision-making that combines commercial and prosocial identities (Austin et al., 2006; Shepherd, 2015; Shepherd et al., 2015; Short et al., 2009).

Conclusions

For supporters of social projects, the emergence of impact investors presents an exciting source of new financial and non-financial resources.

[76] For a variance model of this process, see Figure 36 in the Findings section of Chapter 4.

Research has documented criteria and processes related to socially-dominant (Scarlata et al., 2012) and commercially-dominant investors (Tyebjee & Bruno, 1984; Wells, 1975). However, little is known about for-profit investors who invest at the "frontier" of social engagement, that is, emphasizing commercial outcomes *and* social outcomes in their investments, beyond legal requirements or mainstream market trends, and investing at an early stage. Moreover, empirical investigations based on longitudinal, fine-grained data from actual decision-making data remain rare and without strong empirical or theoretical grounding (Daggers & Nicholls, 2016; Morgan & Smircich, 1980; Suddaby, 2006).

This study responds to this opportunity by investigating beyond high-level "espoused" preferences described in past work on social and commercial investing (Argyris & Schon, 1974), developing a fine-grained study of *actual* impact investor decision-making in its rich context. In addition to separately understanding how social VCs translate their social and commercial preferences into *actual* selection criteria on a deal-by-deal basis, this study sought to understand what actually happens when these two goal sets are combined, and how these social and commercial concerns relate to each other during the decision-making process. Finally, while this study may not have managed to fully open up the black box of impact investor decision-making, it has possibly made a hole in it, through which some light shines.

Chapter IV

Heart Money:
How Social Investors Evaluate and Shape Social-Commercial Duality in New Ventures (Study Two)

IV. Heart Money

- How Social Investors Evaluate and Shape Social-Commercial Duality in New Ventures

What I liked about [the Partner of our investment firm] is that he still maintained some margin of doubt… Like, if he really likes the entrepreneur but the business model is not robust, he would still bet on the venture and say, "let's see if we can help him, let's see if we can make it more investible." And if that's the case, we'll take it forward, whereas I think most of the people, or maybe the people that I am used to, they're not very visionary. Yes, so maybe visionary is a good way to summarize that.

— Interview with analyst at social venture capital firm

Identity is never a priori, nor a finished product; it is only ever the problematic process of access to an image of totality.

— Bhabha (1994: 51), as cited by Howard (2000)

Introduction[77]

Popular television comedy *Silicon Valley* features a satirical promotional video of startup founders claiming to "make the world a better place" through their software companies. The minute-long segment is intended to be a critique what one of the show's writers called "capitalism shrouded in the fake hippie rhetoric of, 'We're making the world a better place,' [versus] 'Hey, we're crushing it and making money'" (Marantz, 2016). Part of the segment's appeal is the expert juxtaposition of a social welfare ethos and a commercial profit ethos. This pairing is a paradox which has intrigued scholars for decades (Battilana & Lee, 2014; Pratt,

[77] Data collection and analyses in this study were led by the author of this thesis. A second author, Marc Gruber, provided constructive comments to the research proposal that was presented to the Firm (described in the Methods section of this chapter), as well as, invaluable suggestions during the fieldwork and data analysis period, notably serving as an external perspective or devil's advocate. These suggestions served to reduce "over-imaginative" interpretations of the data (Van Maanen, 1979). This study also benefitted from feedback from Julia Binder, Shirah Foy, Giada Baldessarelli and Fernando Suarez. All errors are the authors' own.

2016). Increasingly, both social *and* commercial identities can be found within a single firm (Battilana & Lee, 2014; Short, Moss, & Lumpkin, 2009) and yet, the combination surprises—and sometimes, entertains—because these two identities are not expected to go together (Albert & Whetten, 1985).

Recent texts argue that the surprising pairings found in hybrid—also called *dualistic*—firms create incompatible demands that make these organizations unstable and prone to conflict and tension (Ashforth & Reingen, 2014; Fiss & Zajac, 2004; Kraatz & Block, 2008; Meyer & Rowan, 1977). In addition to these organizational outcomes, a firm's hybrid identity itself has been theorized to be unsustainable and prone to collapse (Ebrahim, Battilana, & Mair, 2014; Jegen, 1998; Jones, 2007).

However, these findings have not prevented public and private actors from investing in hybrid organizations and in particular, in social-commercial hybrid organizations (Daggers & Nicholls, 2016; The Social Impact Investment Taskforce, 2014). In some cases, the potential benefits of duality appear to be so crucial to top managers that organizations intentionally seek to create conditions of hybridity within their own structures (Dalpiaz, Rindova, & Ravasi, 2016; Smith & Besharov, 2017).

Moreover, a rich body of research has demonstrated that hybridity *can* be sustained within organizations for long periods of time, and has pointed to the role of *organizational strategies*, or "patterns in a stream of decisions" (Mintzberg, 1978; Mintzberg, Raisinghani, & Theoret, 1976; Mintzberg & Waters, 1982, 1985) in enabling these positive organizational and hybridity outcomes (e.g., Smith & Besharov, 2017). The role of organically-developed and internally-driven organizational processes on hybridity have led to great practical and theoretical insights (Besharov & Smith, 2014; Murray, 2010; Perkmann & Spicer, 2014; Pache & Santos, 2010; Smith & Besharov, 2017). These processes shed light on why hybridity has been found to be beneficial to some organizations and not to others (Besharov & Smith, 2014). However, we still do not understand to what extent the effectiveness of these processes depend on being internally and/or organically driven, and consequently, to what extent third-party intervention can improve the stability and functioning of other hybrids. (i.e., *outside* the focal hybrid organization). Indeed, the majority of research on organizational outcomes of hybridity have focused on a focal hybrid firm, or set of firms (Fosfuri, Giarratana, & Roca, 2016; Jay, 2013; Tracey et al., 2011).

The lack of research on how organizations may systematically and proactively deal with hybridity in other organizations is surprising given our practical and conceptual understanding of the influential role of third parties. Since organizations are socially situated, they depend on cross-boundary processes for the transfer of key resources (Binder, 2007; Huang & Knight, 2017). These resources confer legitimacy (Stinchcombe, 1965) and other markers of social status (Hsu, 2004)—so much so that the literature encourages emerging organizations to seek "smart money," financial capital that comes with value-adding activities (Baum & Silverman, 2004; Ingstad, Knockaert, & Fassin, 2014). Moreover, research has shown dyadic relationships to be critical to the development and maintenance of organizational identity, with the power to sustain contested identities in some organizations (Jones, Maoret, Massa, & Svejenova, 2012).

To extend our understanding of hybridity in organizations, this study builds on a 21-month in-depth inductive case study on a social Venture Capital (VC) firm, defined as an equity investment firm seeking investments in *social ventures*—early-stage, privately-owned companies who offer effective (and potentially profitable) solutions to critical social issues such as poverty, or environmental degradation (Dacin, Dacin, & Tracey, 2011; Santos et al., 2015). Like the social ventures[78] they fund, Social VC firms (SVCs) exhibit a dual social welfare and commercial profit identity (Scarlata & Alemany, 2010; Scarlata, Zacharakis, & Walske, 2016). In this context, frequent exchanges occur between one dual-identity organization (with considerable expertise in organizational duality, as a funder of such organizations) and a heterogeneous sample of *other* dualistic[79] organizations (i.e., hybrids with varied approaches to generating revenue and pursuing social missions).

Although this study is situated in the literature of organizational identity and identity duality (Battilana, Besharov, & Mitzinneck, 2017; Pratt, 2016), this study was originally motivated by the phenomenological curiosity: *How do social VCs select and evaluate investment proposals?* We explain in this paper how our exploratory, inductive and reflexive approach, combined with an iterative dialogue between our data and the literature, led us to refine our research question to: *How do hybrid resource providers assess and influence the plausibility of new venture identity claims among hybrid ventures?*

To foreshadow our findings, we found that the studied SVC firm *evaluates* investment proposals and *assesses* new venture identities, as the literature implies (Elsbach & Kramer, 2003; Martens, Jennings, & Jennings, 2007; Miller & Wesley II, 2010). However, the SVC also plays a role *beyond* the assessment of emerging identities, and actually, helps to *shape* the identity of evaluated ventures. By way of creating an appropriate hybrid investment opportunity for itself, the SVC offers both *smart money*—money accompanied by value-adding activities that support a

[78] In the following pages "venture" or "new venture" will be used to refer to the ventures that submitted their investment proposal for evaluation by a Social Venture Capital firm. We may also refer to the venture's "investment proposal."

[79] Organizational hybridity occurs when "identities" (Albert & Whetten, 1985; Glynn, 2000), "organizational forms" (Tracey, Phillips, & Jarvis, 2011), "logics" (Battilana & Dorado, 2010; Pache & Santos, 2013), or "other core organizational elements" that would not normally be expected to go together (Battilana, Besharov, & Mitzinneck, 2017). This thesis is situated in the literature about a type of organizational hybridity that occurs as a result of dual *organizational identities* (Pratt, 2016), also referred to in the literature as identity duality, duality, dualistic identity, and hybridity (Ashforth & Reingen, 2014; Smith & Besharov, 2017). The term "hybrid" is used in most cases to refer to our focus: hybrids with a social-commercial duality.

commercial opportunity—and *heart money*, a term introduced to describe money accompanied by value-adding activities that support social opportunities embedded within commercial opportunity. In doing so, the SVC enables a legitimate hybrid identity to emerge in new ventures—a foundational development with cascading implications for the venture's ability to establish additional exchange relationships and acquire resources which further support its hybrid identity (Aldrich & Fiol, 1994; Lounsbury & Glynn, 2001; Navis & Glynn, 2011).

This study distinguishes itself from research on hybrid organizing in two key ways. First, past work on hybrid organizing featured in-depth studies of research subjects selected because of what these few organizations, with pre-established hybrid qualities, could demonstrate about organizational management of duality (Ramus, Vaccaro, & Brusoni, 2017; Smith & Besharov, 2017). This study, on the other hand, conducts a cross-sectional study of a focal hybrid firm's interactions with hundreds of emerging organizations, with emerging and varied hybrid qualities. Indeed, the investor's perspective offers a window to a large heterogeneous pool of resource-seeking organizations with varying degrees of hybridity. Moreover, these organizations differ in their ability to obtain investment from our focal firm. From this vantage point we can observe which strategies are applied to which resource-seeking ventures, to which ends, and finally, tie hybrid outcomes and hybrid organizing strategies to a performance variable.[80]

Second, while past work on hybrid organizing has documented how organizational duality leads to organizational conflict and tension (Binder, 2007; Glynn, 2000; Zilber, 2002), this body of work has tended to feature *ideographic hybrids*—also called *specialized* hybrids (Albert & Whetten, 1985). These are hybrids in which dual identities are harbored by two separate internal groups and thus, tend to experience conflict and tension (e.g., Ashforth & Reingen, 2014; Battilana & Dorado, 2010; Golden-Biddle & Rao, 1997). Fewer studies have been conducted on *holographic hybrids*—organizations in which *all* members jointly hold dual identities (Smith & Besharov, 2017)—and in which duality may be less conflict-prone due to the two identities being "diffused evenly throughout the entire organization" (Albert & Whetten, 1985: 271). The SVC selected for this study is a holographic hybrid seeking investments in other holographic hybrids.

By taking this differentiated approach, this study contributes to the literature on organizational identity emergence, hybrid organizing and entrepreneurial bricolage. As the literature explains, organizational identity depends on member-agents' responses to the question "who are we as an

---

[80] In this way, are able to access a larger sample and fuller spectrum of potential outcomes resulting from a single organization's processes. We follow other scholars by using funding outcomes as an indicator of performance (Ter Wal, Alexy, Block, & Sandner, 2016).

organization?" (Albert & Whetten, 1985; Whetten, 2006). As such, past research has tended to focus on the organization itself, its internal processes, founding team, and social goals (Ashforth & Reingen, 2014; Battilana & Dorado, 2010; Fauchart & Gruber, 2011; Pache & Santos, 2013). While this has allowed researchers to build a strong understanding of organizational identity and its evolution (Albert, Ashforth, & Dutton, 2000; Ashforth & Mael, 1989), a boundary condition of the relevance of past research is the initial ability of the emerging organization (including emerging hybrids) to survive the early stages. So, while Albert and Whetten's (1985) conceptualization of organization identity *does* depend on internal organizational self-concept (Whetten, 2006), the startup phases of an organization's life relies more than usual on *external* stimuli to confirm if claims about its capabilities and targeted market opportunity are plausible (Gioia, Schultz, & Corley, 2000; Lounsbury & Glynn, 2001; Navis & Glynn, 2011; Stinchcombe, 1965). Hence, by investigating the process through which investors determine that an identity is plausible, or, in the words of one of our research subjects, if "this venture has legs" (Interview with Partner of Firm), we intervene at a critical and foundational point in the organizational identity emergence phase.

With regards to hybrid organizing, this study considers the role of a critical partner in the emergence of hybrid organizations. Notably, the study illustrates the influential role that third-parties can play in shaping organizational duality in other organizations, a role that has tended to be overlooked in the literature on hybrid organizing and investor decision-making (for a rare exception, see: Ingstad et al., 2014). Our study considers the exchange networks in which ventures are embedded as more than a social context and shows that holographic resource-providers can *actively* join ventures in proposing, testing and developing claims about its emerging entrepreneurial identity. The study empirically traces the inter-organizational processes through which this occurs, with attention to the large number of new (social) ventures that fail (Lyons & Kickul, 2013), catalyzing a discussion on which actors, relationships and partnerships are necessary for a plausible (hybrid) organizational identity to emerge.

Finally, to the literature on entrepreneurship, we contribute to the understanding of entrepreneurial bricolage strategies by demonstrating the transferability of an effectual mindset (Baker & Nelson, 2005; Sarasvathy, 2001). Social venture capitalists—although they do possess financial resources—are operating in contexts of higher uncertainty than later-stage funders in for-profit and non-profit funds. Moreover, their two-pronged criteria set further reduces their pool of investable targets to choose—as compared to traditional investors or philanthropists (Nicholls & Pharoah, 2008). Therefore, competition faced by SVCs for an investment allocation in the pool of promising social ventures is intense. As a result, whichever resources possessed by an SVC are comparatively negligible, essentially placing SVCs in a resource-constrained position—albeit a different *kind* of resource constraint. We observed regular perspective-taking on behalf of the SVC, taking on the mindset of the resource-strapped ventures they evaluated and "pursuing [investment] opportunities beyond resources controlled" (Stevenson & Jarillo, 1990). This perspective allows the SVC to engage in bricolage-like strategies. We show how the semi-directed process of bricolage, based on personal resources and values (Perkmann & Spicer, 2014), is conducted in dyads, across organizational boundaries. When successful, the SVC's bricolage resulted in a co-created investment opportunity for itself and an entrepreneurial opportunity for the venture, supporting research suggesting that bricolage in (pro)social settings can be especially generative (Bacq, Ofstein, Kickul, & Gundry, 2015).

The following section describes the theoretical and empirical context of this study in more detail, referring to prior work on the topic. We then present our methods, analyses, and our findings. The paper closes with a discussion of our findings, its limitations and directions for further research.

Theoretical context

In this section, we describe the theoretical context in which we chose to situate our study, which emerged through an inductive process. Of interest to this study are the challenges that duality poses for organizations, and the relationship between these challenges and the overall plausibility of new venture identities, which we define as "the constellation of claims around the founders, organization, and market opportunity of an entrepreneurial entity that gives meaning to questions of 'who we are' and 'what we do'" (Navis & Glynn, 2011: 980).

The Trouble with Identity Duality

Understanding organizational identity has long been seen as vital to understanding organizational action. Beliefs about "who are we as an organization" (Albert & Whetten, 1985; Whetten, 2006) provide a "set of 'ultimate whys' for planning, explaining and justifying [collective] action" (Whetten & Mackey, 2002: 396). When stories about "who we are" and "what we do" are simple and coherent, decision-making is easier for managers (Martens et al., 2007; Navis & Glynn, 2011; Voss, Cable, & Voss, 2006). Top managers can draw from a clear and coherent shared cognitive template as they analyze issues, threats, conflicts, market opportunities, and strategic responses (Foreman & Whetten, 2002). Yet sometimes an organization is a hybrid, meaning that it "considers itself (and others consider it) alternatively, or even simultaneously, to be two different types of organizations," combining two identities that would "not normally be expected to go together" (Albert & Whetten, 1985: 270).

Hybridity in organizations is problematic because it challenges organizational identity as a reliable compass for managers to use to direct organizational action. Hybridity creates uncertainty around which principles—or *combination* of principles—will guide organizational thinking or behavior at any given time (Battilana et al., 2017), an uncertainty which adversely affects organizational performance (Voss et al., 2006).

Social-commercial hybrids, and social ventures in particular, have been theorized to face disadvantages as well. Straddling the two worlds of social welfare and commercial profit often means that these organizations do not benefit from *prêt-à-porter* business models (Battilana & Dorado, 2010)—models of businesses which combine both social and commercial goals which can easily be applied to their situation. Frequently, these models are not cognitively available (Tversky & Kahneman, 1973), are difficult to find, or require considerable work to adapt them to an entrepreneur's goals (Alvesson & Willmott, 2002; Hannan & Freeman, 1977; Lok, 2010). Finding appropriate legal structures and forms of representation pose another issue and often require significant efforts to be adapted to the entrepreneur's situation (Battilana, Lee, Walker, & Dorsey, 2012; Haigh, Kennedy, & Walker, 2015; Nicholls & Pharoah, 2008).

In part due to the difficulty of addressing these challenges, prior work shows hybridity in organizaitons leads to tension (Pratt & Rafaeli, 1997; Zilber, 2002), conflict (Ashforth & Reingen, 2014; Glynn, 2000), *actual* organizational failure (Tracey et al., 2011), or *de facto* failure, through the collapse of hybridity, whereby the organization survives but (either intentionally or unwillingly) must abandon one identity (Ebrahim et al., 2014; Santos, Pache, & Birkholz, 2015; Yue, Wang, & Yang, 2018).

Making Duality Work

Despite these challenges, not all organizations have shunned duality. In several cases, organizations, usually driven by their founder, view duality as somewhat indispensable and intentionally seek to create conditions of hybridity within their own structures, infusing the organization with two distinct, and at times, conflicting identities (Fauchart & Gruber, 2011; Powell & Baker, 2017). For example, the case of Alessi and Digital Data Divide, the founders respectively sought to integrate industry with art and a social mission with a business mission (Dalpiaz et al., 2016; Smith & Besharov, 2017).

Moreover, extant research also suggests hybridity may not always lead to discord (Kraatz & Block, 2008), that conflict is an outcome of the organizational configuration (Besharov & Smith, 2014). The original conceptualization of hybrid organizations refers to two forms (Albert & Whetten, 1985). First, the *specialized* form—also called an *ideographic* form—hybrids in which two or more groups within the organization hold opposing, often emotionally-charged views on the appropriate source of action. Second, the *holographic* form—hybrids in which organizational members jointly identify with the dual identities of their organization's purpose and activities (Albert et al., 2000; Ashforth & Mael, 1989). Another classification put forth by Besharov and Smith's (2014) conceptual study theorized that organizations can be classified into groups according to the compatibility and centrality of their dual identities (e.g., high-high, high-low, low-high, low-low) and that these features are responsible for explaining different levels of conflict experienced in hybrid organizations.

Other empirical studies point to tools and strategies that hybrids can implement to reduce, avoid, or resolve conflicts arising from hybridity (Besharov & Smith, 2014; Oliver, 1991; Pache & Santos, 2010). For example, organizational structure (Perkmann, McKelvey, & Philips, 2018; Ramus et al., 2017; Smith & Besharov, 2017), processes (Ashforth & Reingen, 2014; Jay, 2013; Lok, 2010), language (Alvesson & Willmott, 2002; Besharov, 2014; Fiol, 2002; Gotsi, Andriopoulos, Lewis, & Ingram, 2010), and other strategies (Golden-Biddle & Rao, 1997; Pache & Santos, 2013) have all been shown to be effective in managing the conflicts and tensions arising from the combination of two different organizational identities.

Yet, despite this growing body of work, scholars point out that there is much we do not know about the "strategic and managerial consequences of trying to concurrently satisfy economic and social objectives" (Short et al., 2009: 176). For example, while Besharov and Smith's (2014) framework on the implications of compatibility and centrality for performance in hybrid organizations makes intuitive sense, most managers and scholars struggle to translate how compatibility and centrality translates into organizational features and processes. Before these organizational features and processes can be changed, surely, organizations require an understanding of how to recognize and assess the relevant features and processes.

Trouble, trouble, trouble

In the first part of this section, we highlighted the possible negative consequences of hybridity, then we discussed potential organizational elements which can explain and/or reduce negative consequences. However, we face another hurdle in our understanding of hybridity. As mentioned, past work has suggested that hybrids can be classified into two groups (e.g., holographic/high compatibility hybrids versus ideographic/low compatibility hybrids). Yet, the literature remains unclear as to the malleability of these forms. Does scholarly classification of hybrids into these two groups refer to a pre-determined configuration of hybrids that, for convincing theoretical arguments, render certain hybrids (a) prone to conflict, tension, and other negative repercussions of hybridity, and renders others (b) immune to these repercussions? In other words, are organizations sorted into groups (a) holographic/high compatibility, and (b) ideographic/low compatibility at "at birth" or, can compatibility be developed with good "parenting"? Or, do we have a combination of both "nature" and "nurture" effects, at least, within certain types of hybrids if not across all hybrids?

If so, a number of relevant questions emerge. First, in the case that hybridity is pre-determined, how we might evaluate the plausibility that one organization belongs to group (b) and not group (a)? Second, in the case that there is no group (a) or (b), only low compatibility that can be developed and nurtured, which organizations are most qualified to be "caretakers," and what are the boundary conditions around delivering the most effective "corrective" care?

The literature has in fact already demonstrated that there are organizational strategies and processes which are effective in keeping dual identities in check (e.g., structured flexibility, safe spaces, lightning rods, hiring and socialization) (e.g., Battilana & Dorado, 2010; Mair & Hehenberger, 2014; Perkmann et al., 2018; Ramus et al., 2017). However, currently, the literature has depicted these corrective processes as organically-developed and primarily internally-directed (e.g., Ashforth & Reingen, 2014; Smith & Besharov, 2017). We still know very little about the effect and effectiveness of directed, hybrid-identity-influencing processes between two firms (Besharov & Smith, 2014; Tracey et al., 2011). [81]

Hence, in this study, we ask: *How do hybrid resource providers assess and influence the plausibility of new venture identity claims among hybrid ventures?*

Empirical context

This section introduces the broader empirical context of this study and points to qualities of theoretical interest.[82] More detail on the study's specific research setting can be found in the methods section.

Social Venture Capital

In the last few decades, expectations about who is responsible for addressing social and environmental problems has palpably changed (Battilana & Lee, 2014). On one hand, citizens are dissatisfied with traditional providers of social services, expressing record-levels of distrust in the government (Edelman Berland, 2014; Nye, 1997a, 1997b). On the other hand, businesses and investors understand the growing demand from

[81] As mentioned in Chapter 1, Pahnke and colleagues (2015) do discuss the influence of resource providers' institutional logics in young firms, but do not address the question of hybridity. Wry and colleagues (2014) discuss hybridity and new venture evaluation, however, they do not address social-commercial hybridity, nor do they examine the evaluation process.

[82] An extended version of the study's empirical context can be found in Appendix G.

stakeholders to engage in more prosocial (and more pro-environmental) behavior (Bhattacharya, Sen, & Korschun, 2008; BlackRock, 2018; Margolis & Walsh, 2003; Walsh, Meyer, & Schoonhoven, 2006). These combined two factors provide an opportunity for social ventures and social investors to interact.

However, while social investors have been areas of great growth in the last few decades, they are also still a source of confusion, due to fragmentation in the overall industry, with multiple actors using the same terms to describe different approaches to investing and vice versa (Chiappini, 2017; Daggers & Nicholls, 2016; Freireich & Fulton, 2009; Höchstädter & Scheck, 2015).[83] Investing with the dual purpose of creating strong social and financial returns encompasses a number of different financial preferences (Chiappini, 2017; Höchstädter & Scheck, 2015), investment structuring approaches (Scarlata & Alemany, 2010)—including different investment targets (e.g. early-stage, later stage, social themes, legal structures)—and financial instruments (e.g., equity, loans).

SVCs, the focus of this study, operate in traditional venture capital structures[84] and target early-stage ventures in a number of industries, have raised 10 billion USD to invest in social ventures since 2010 (Randjelovic, O'Rourke, & Orsato, 2003; Rheingold, 2017; Santos et al., 2015). They are like traditional VCs in that they expect their portfolio companies to generate revenue and eventually return cash to their investors (MacMillan, Siegel, & Narasimha, 1985; Tyebjee & Bruno, 1984). Unlike traditional VCs, social VCs also expect their investees to deliver on social outcomes (Scarlata & Alemany, 2010). Some funds also self-impose a social performance requirement on the managing partners of the firm, which prevent them from touching the financial gains from their investment (e.g., "carry") if social performance indicators are not met (alongside financial indicators) (Fieldwork). An independent study referred to SVCs as "VCs first that intend to generate market-beating financial returns because of, not in spite of, [a social] impact-oriented investment thesis" (Rheingold, 2017).

This provides a contrast to prior literature in this area, which has tended to focus on the concept of trade-offs, that an investor must either sacrifice rigor in the evaluation of a venture's potential social contribution or, if she *truly* wishes to enable meaningful social outcomes, accept below

[83] For example, what we refer to as "Social Venture Capital" (Miller & Wesley II, 2010) is also referred to as "impact investing" (Rodin & Brandenburg, 2014), "blended value investing," "double-bottom line" or "triple-bottom-line investing" (Harold, Spitzer, & Emerson, 2007), "community development venture capital" (Jegen, 1998), "developmental venture capital" (Rubin, 2009), "mission-driven investing" (Kolodny, 2016), "patient capital" (Novogratz, 2010), "philanthrocapitalism" (McGoey, 2014), "philanthropic venture capital" (Scarlata & Alemany, 2010), "social investing" (Nicholls, 2010), "sustainable venture capital" (Bocken, 2015), and "venture philanthropy" (Healey & Hoyt, 2013; Moody, 2007; Pepin, 2005). At times, these terms are also lumped together with related but separate social investment styles from the commercial side—such as "Socially Responsible Investing" and "Environmental-Social-Governance Investing," whose decision rules are primarily based on selective filters applied to publicly traded companies and physical assets (Irvine, 1987; Rudd, 1981; Yan, Ferraro, & Almandoz, 2018)—as well as from the social side, whereby terms such as "investment" are used, but refer to a charitable grant without the expectation of financial return (The European Venture Philanthropy Association, 2016).

[84] A traditional venture capital structure refers to a fund managed by a General Partner on behalf of Limited Partners whose money is being managed.

market-rate financial returns (Daggers & Nicholls, 2016; Grabenwarter & Liechtenstein, 2011). Essentially, the literature implies that investors must prioritize either financial outcomes (acting as a "finance-first" investor) or prioritize social outcomes (acting as an "impact first" investor), but they cannot pursue both and achieve competitive outcomes (Achleitner, Spiess-Knafl, & Volk, 2014).

One of the reasons why competitive outcomes are thought to be unattainable is due to the assumed *negative* interdependent relationship between social activities and financial activities within a firm, as echoed by one stream of hybrid organizing research. In the context of social investing, scholars caution that resource providers can limit hybridity in the organizations they fund by encouraging "mission-drift," a phenomenon whereby organizations gradually come to prioritize demands of the commercial identity over the social one (Ebrahim et al., 2014; Jegen, 1998). Yet, much like the research on ideographic hybrid organizations, empirical work on resource providers that combine commercial and (pro)social identities is rare (Lyons & Kickul, 2013; Shepherd, 2015; Shepherd, Williams, & Patzelt, 2015). The new nature of this phenomenon suggests that young, dual-identity organizations may simply not have managed to raise funds, or perhaps they have, to date raised funds from inappropriate partners (Aldrich & Fiol, 1994; Harding, 2007; Lyon & Ramsden, 2006; Pache & Santos, 2013). Thus, it is not certain that third-party support in hybrid organizing tends to lead to hybridity collapse.

In fact, theoretically it would follow that a holographic hybrid organization would seek investments in other holographic hybrid organizations with qualities they believed essential to success. Moreover, SVCs in this context would represent an important source of financial, social, and knowledge capital which could improve organizational outcomes for new ventures (Huang & Knight, 2017; Lyons & Kickul, 2013; Stinchcombe, 1965).

As such, social investors represent a viable window into the complexities of duality, as they seek out dualistic organizations they believe to have the markers of sustainable hybridity. We detail the empirical advantages of our context in the following section.

Social Venture Capital as a Window into Organizational Identity Duality

The primary reason why SVCs are intriguing as an organizational setting is due to the specificities of its hybrid nature. Theoretically, SVCs have the capacity to be ideographic or holographic hybrids, as they can be inhabited by two groups of individuals: one that identifies mostly with the (pro)social identity[85] of the firm and one that mostly identifies with the

[85] Our identity construct of interest in this study is organizational and new venture identity, not social identity, which is a social-cognitive, individual level construct. Hence, from time to time, we use the prefix "pro" in front of social to indicate the type of identity we are referring to (i.e., social welfare-related, driven by the desire to help others, prosocial).

firm's commercial identity. In fact, this is what we have seen modeled by other hybrid financial institutions in the literature (e.g., the microfinance institution studied by Battilana & Dorado, 2010). Alternatively, SVCs may be populated only by individuals who jointly identify with the dual sides of the firm's activities, rendering their firm's identity as holographic (Albert & Whetten, 1985; Ashforth & Mael, 1989; Whetten, 2006).

From another theoretical perspective, SVCs have the capacity to be structured in a way that places the social and commercial identities at odds with each other (low compatibility), or which incentivizes the manifestation of both identities, for example by integrating both identities in "core features that are central to organizational functioning" (high centrality) (Besharov & Smith, 2014: 7).

The extensive experience SVCs have in evaluating duality, in addition to the incentives they have to accurately assess organizations, also makes SVCs a potentially promising setting for research. The literature on emerging organizations suggests that access to resources is an indicator—if not a determinant—of success (Baum & Silverman, 2004; MacMillan et al., 1985; Starr & MacMillan, 1990), especially in young hybrids (Lyons & Kickul, 2013). While there is some debate on endogeneity, i.e., whether these "winners" are selected or made (Baum & Silverman, 2004), it is likely that SVCs, by way of reviewing and working with hundreds of ventures per year, may be able to provide some insight into dualistic attributes which indicate stability and performance. Compared to any other actor, such firms are likely to have developed some expertise in understanding the factors affecting performance in holographic forms of hybridity, making their perspective intriguing and informative (for a parallel, see: MacMillan et al., 1985).

Finally, the perspective of an SVC offers access to investment decisions regarding a large sample of early-stage social-commercial organizations, one with high levels of internal validity that prior literature has not yet had access to (Dacin et al., 2011). The larger sample, combined with the positive *and* negative outcomes (regarding the investment decision) allow us to reduce survivorship bias (Denrell, 2005), and use funding outcomes from this expert social investor as a simple proxy for performance vis-à-vis the new venture identity (Navis & Glynn, 2011; Ter Wal et al., 2016).[86]

Method

Research Design

For this study, we were particularly interested in the processes undertaken by SVCs to evaluate and act upon investment proposals and

[86] To be clear, we still maintain an *inductive* interest in the SVC process; our interest in the larger sample in this study is not for purposes of hypothesis testing beyond the pseudo-replication methods undertaken in qualitative studies.

inspired by methods used by other scholars studying dualistic settings (Ashforth & Reingen, 2014; Jay, 2013; Smith & Besharov, 2017). Although scholars begin to know more about the evaluation processes of early-stage investors (Guler, 2007; Huang, 2017; MacMillan et al., 1985; Wells, 1975), we did not know what to expect about the evaluation processes of organizations that combine social and commercial objectives, given the dearth of empirical work on this subject (Daggers & Nicholls, 2016; Lyons & Kickul, 2013; Shepherd, 2015). Because the constructs of interest to our study and the relationships between them are poorly understood, subtle, contextual, and potentially complex, we conducted an inductive, in-depth, longitudinal, cross-sectional case study (Langley, 1999; Mair, Wolf & Seelos, 2016; Yin, 2013). Our goal was to maximize construct validity, observing events in their natural state, with the goal of enabling theorizing and hypotheses-testing research later down the line (Delanty & Strydom, 2003; Gibbert, Ruigrok, & Wicki, 2008; Pettigrew, 1990).

Case Selection

In the selection of our case, it was important for us to select a firm with the experience and incentives to evaluate hybrid organizations according to the dictates of their dual identity. Interactions with our selected case at associated conferences suggested that investing in profitable ventures that pursue solutions to critical social problems was an important objective for them. They often spoke about their refusal to make a financial or social "trade-off" in their investment decisions (Höchstädter & Scheck, 2015), a claim that emphasizes both social and commercial motivations.[87] By selecting a case in which the social and commercial expectations of the organization are visible (Siggelkow, 2007), we are able to observe the effects of both the social and the commercial identity on the evaluation process.[88]

While it is customary for empirical research on investors to rely on proxy settings or convenience samples, given the access and scheduling challenges in this population of interest (Miles & Huberman, 1994), this study did benefit from some degrees of freedom due to the significant resources we spent in developing personal and professional relationships in our initial fieldwork.[89] As part of the exploratory research and pre-

[87] As we describe in detail later on, we began the research without expecting to find hybridity, but to observe the impact of prosocial motivation in a commercial context.

[88] Past research on organizational duality has characterized their setting as "extreme cases" (Eisenhardt, 1989; Flyvbjerg, 2006), however, we remain open-minded about our setting's external validity (Gibbert et al., 2008). Although inductive, exploratory research designs are not chosen for their representativeness (Siggelkow, 2007), we know that "many, if not most, organizations are hybrids composed of multiple types" (Albert & Whetten, 1985: 270) , and are were particularly aware that this research comes came at a time of change in our dominant institutional paradigms of research and practice (Friedland & Alford, 1991; Kraatz & Block, 2008; Rynes, Bartunek, Dutton, & Margolis, 2012; Walsh, Weber, & Margolis, 2003). Thus, while past work may have characterized the joint embrace of both identities as "extreme" we do not believe this is a helpful label in this study.

[89] The first author began more directed conversations regarding the possibility of conducting a separate study focused on SVC decision-making, three years ago, and pursued this conversation with firms which fit our sampling criteria.

screening conducted for this study, the first author actively participated in communities of interest—as is usually the case for authors of ethnographic studies—attending social entrepreneurship and social investment industry conferences, developing relationships with social entrepreneurs and investors, participating in online fora, and conducting multiple exploratory interviews (Costello, McDermott, & Wallace, 2017; Hammersley, 2006; Tunçalp & Lê, 2014). This allowed her to meet and discuss early-stage evaluation methods and techniques with dozens of investors and other informants. Participant observation at industry events helped to contextualize observational data from the Firm and helped her stay in touch with *emic* terms used in the industry (Morris, Leung, Ames, & Lickel, 1999; Morrow, 2005). It was through this initial fieldwork that the first author serendipitously met a member of the studied Firm and began to follow its activities.

We sought firms with a dual social-commercial identity seeking investments in other social-commercial firms,[90] a multi-industry focus, and extensive investment experience with early-stage companies, preferably with internal records on both accepted *and* rejected investment proposals in order to avoid, in our analysis, over-representing ventures that succeed in funding (Berk, 1983; Denrell, 2005) and allow us to draw some conclusions about evaluation processes and funding outcomes.

Eventually, after discussing with the second author, the first author presented a formal research proposal to one social venture capital firm based in a major city in Western Europe. The Firm accepted our research proposal under the condition that the first author conduct regular onsite fieldwork, undergo a trial period, refrain from interfering in their processes, and protect their anonymity. (Hereafter, we use the terms “the Firm” or “the SVC” to refer to the investment firm’s organizational entity.)

Research Setting

The Firm is a social investment firm based in a major city in Western Europe in the 2010s making equity investments into early-stage social ventures. Their stated purpose is to invest in early-stage, high-potential businesses seeking to generate not only compelling financial returns, but also societal returns ([Redacted], 2016a). They employ social investing strategy called *investment targeting* across five themes (Rudd, 1981), associated with 10-year outcomes related to each theme ([Redacted], 2017a). Any venture investment proposal that did not address poverty alleviation, education, environmental sustainability, healthcare or social relationships in the family and community were not considered for investment.

---

[90] We inferred social-commercial hybridity from a strong intent to address social issues, and high expected financial returns. This firm measures social output of ventures across social and environmental themes and has fidicuiary responsabilities to its investors.

Initial fieldwork confirmed that promising financial returns were not enough to encourage the pursuit of a venture. Venture investment decisions were conducted in a group setting in events centered around the weekly IC meeting. The Firm used—and insisted internally that they used—consensus-based decision-making. Although the key decision-makers (the two partners and two principals) held greater informal sway, their regular weekly evaluation and discussion sessions make it unlikely that our findings would be a result of individual bias.

If a venture did not meet their social potential threshold, the Firm would not necessarily pursue it. Likewise, if a venture's identity claims were not commercially plausible, the Firm would not necessarily pursue it. In both instances, we observed how the Firm was initially impressed by one "side" of a venture and, as a result, debated the merits of the venture's other "side" at length, but never proceeded to investment prior to determining an adequate fit of both "sides." As one member of the Firm commented in an internal document, *"No social impact. But [very] impressive venture. What do we do with such ventures??? (Strong, but not a fit.)"* (Internal Pre-Investment Committee Poll on [Venture #919], Year 4).

The two founding partners of this firm entered the investment space as angel investors before establishing a dedicated angel investing network, hiring a team and launching a venture fund under the same corporate identity—operating an emerging hybrid[91] investment model increasingly[92] referred to as the "Super Angel" or "Micro VC" model (Feld & Mendelson, 2016; Martino, 2015; Mattermark, 2015).

Through the Micro VC model, the Firm invites members of its exclusive and fee-paying angel investor network[93] to join each investment round that the Firm chooses to participate in, though members of the angel network are under no obligation to join. Unlike traditional business angel groups where angel input is solicited early on in the evaluation process, and where angel input may represent the majority of the decision-making body (e.g., through voting or other forms of participatory governance), this Firm sources, screens, evaluates, negotiates and builds their investment cases in a centralized[94] manner which mostly[95] resembles traditional VC processes. However, contributions from the Firm's designated angel

[91] We refer to the angel network-investment fund hybrid in this sentence.

[92] A VC authority, CB Insights (2014), estimated that 250 Micro VC firms were operating in 2015, and numbers continue to rise (Kaji, 2015a).

[93] Angel investors refer to independent investors who invest their own money into ventures.

[94] Unlike many business angel networks that invite members to conduct due diligence and lead negotiations on deals, outsourcing or spreading the investment decision-making process among some or all members, the investment decision rests with the firm. Feld and Mendelson (2016, pp. 8–9) state that while Micro VC firms "often want to be thought of as angels instead of VCs, once they've raised money from other people they have the same fiduciary responsibility to their investors that a VC has, and as a result they are really just VCs." The firm studied holds private investment committee meetings and has a fiduciary responsibility to their investors; business angel networks typically do not have a fiduciary responsibility to their members, as they are involved in the investment process as individual, pseudo-independent investors.

[95] We refer to the centralization as the commonality.

network to each of the Firm's investment tickets[96] allow the Firm to increase its representation in nearly every investment round.

In return, members obtained access to pre-vetted deals and the opportunity to support social ventures. Prior to the launch of their first fund, contributions of the Firm's investor network comprised the majority of its investment tickets. However, the decision-making of this firm, pre- and post-fund launch, continued to be based on the due diligence led by its internal investment committee, and continued to operate under the same single corporate identity that the partners had set up for this purpose.

In addition to the angel network, the SVC managed a 32 million Euro fund, which they launched in the third year of operation. The reported size of the fund places it between the 25th and the 75th percentile of known comparable SVC fund sizes (Rheingold, 2017) and in the typical range of Micro VCs funds (i.e., typically under 100 million USD and usually less than 50 million USD) (CB Insights, 2014; Kaji, 2015b, 2015a). The Firm's average ticket size is 300,000 Euros. Up until the end of our study period, the firm had evaluated roughly 1,750 investment proposals and invested in 13 (see Table 26 for portfolio companies). During the onsite fieldwork period, they funded three ventures (and made three follow-on investments) out of 350 evaluated investment proposals. As Figure 23 indicates, their extremely rigorous and selective funding ratio (0.8%) was thus comparable to selection ratios observed at finance-first investment firms (e.g., Petty & Gruber, 2011).

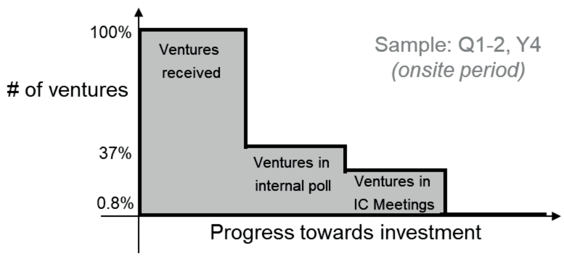


Figure 23: Waterfall chart of investment proposals considered during the fieldwork period

The Firm's partners experienced their first positive exit (a trade-sale/acquisition) three years after their first investment, which places the results of the Firm operators ahead of (if not, in) the same ballpark as other early-stage equity funds that usually begin exit their investments towards the end of their 10-year funds (Feld & Mendelson, 2016; Zider, 1998). From a social standpoint, the Firm applied for and was granted the B-Corp status and reported the following outcomes after five years of operation.

[96] Investment tickets refer to the amount, in cash, that the Firm contributes to each investment round.

Theme	Venture[97]	Description	Social outcome metric	Industry Categorization	Investment	Follow-on
Economic development	Ocean	Collects and analyzes data on an emerging financial asset class.	Pending (number of game-changing opportunities created)	Financial, Consulting, Services	✓	✓
	Dart	Designs high-end women's apparel and accessories benefitting survivors of human trafficking.	8,184 hours of employment created	Consumer Products, Retail	✓	
	Captain	Offers nonprofits, companies, and individuals an intuitive way to communicate a location, even in areas without house numbers and street names.	26.7m people with addresses recognized by their local government	Software and IT	✓	✓
Education	1286	A nation's first online resource and application portal for students seeking university education.	Pending (years of academic education)	Manufacturing, Construction, Transportation, Media, Education	✓	
Environmental sustainability	Sand	Offers a hardware and software solutions to businesses to help them reduce food waste.	5,200 tons of carbon dioxide emissions reduced	Software and IT and Agriculture, Health, Food	✓	✓✓
	Rose	Produces high-end preserves from discarded fruits and vegetables.	102 tons of carbon dioxide emissions reduced	Agriculture, Health, Food	✓	
	Rain	Manufactures a device that monitors and adjusts energy use for comfort and savings on energy costs, designed for low-income housing.	31 tons of carbon dioxide emissions reduced; 300,000 Euros of savings for tenants	Energy, Environmental Technology, Utilities	✓	
	1291	Offers online peer-to-peer food-sharing platform aiming to reduce wasted food.	34 tons of food waste saved	Agriculture, Health, Food	✓	
Healthcare	Oak	Pairs qualified and work-seeking doctors with patients seeking at-home care from doctors with high reviews.	282 doctor appointments	Agriculture, Health, Food	✓	
	Mountain	Develops biotechnology to deploy medical treatment for a common, recurring, and painful condition often experienced by women.	Pending (human life days improved)	Agriculture, Health, Food	✓	
	Cloud	Offers a cheap and easy-to-use hardware to conduct early diagnosis of a commonly occurring cancer.	567 diagnoses (positive and negative)	Agriculture, Health, Food	✓	
Relationships	531	Private social networks for families.	Undisclosed (meaningful new connections created)	Software and IT	✓	
	Mammoth	Offers an online social network for mothers, founded by two middle-aged mothers.	70,000 meaningful connections created	Software and IT	✓	✓

Table 26: Investment portfolio at the end of the fieldwork period

[97] All names are pseudonyms. Each venture decision was assigned a number between 1 and 1614.

When the study began, the SVC industry was roughly 15 years old and the Firm had completed nearly four years of investment evaluation, making it one of the *later* entrants to the field. Yet in Europe, our context of interest, the Firm is among the *earlier* entrants to social investing (Rheingold, 2017) and new funds continue to be raised by newer entrants each year (Butcher, 2016; de la Merced, 2016; Kolodny, 2017). For example, 76% of the capital raised by comparable firms was raised in the last 10 years (Rheingold, 2017). Thus, these age factors suggest that the Firm might be a promising window into the emerging social investing trend and current SVCs in the market.

Data Collection

In order to understand and capture the process used by the SVC to evaluate new venture hybridity in investment proposals, we relied primarily on qualitative data collected using ethnographic methods over a 25-month period, including seven consecutive months of near-weekly two- to three- day field visits (18 total, as shown in Table 27). Due to "the importance of being there" in understanding tacit knowledge (Gertler, 2003) and, with the encouragement of the studied firm (Finlay, 2002), we collected data through interviews, non-participant observation, and transcribed recordings of meetings. At first, these data were used only to triangulate findings from archival documents but, as new insights emerged, we emphasized ethnographic approaches in greater amounts to uncover more about the evaluation process. The data collection and data analysis were led by one person, with the second author, playing the role of the devil's advocate. Our focal data refer to 350 investment decisions made during our onsite fieldwork period. We detail all of our data sources in Table 29.

Non-participant observation. Over 200 hours of non-participant observation over a 25-month period in which the lead author followed multiple events hosted by the Firm. Following the knowledge that both front-stage and back-stage events are key to understanding how identities are combined in new projects and organizations (Mair & Hehenberger, 2014), the lead author attended public-facing, venture-facing and internal events of the Firm every 1-2 weeks, for seven consecutive months.

Guided by our interest in the Firm's evaluation of hybridity in new venture investment proposals, we focused our attention on the Firm's weekly Investment Committee (IC) meetings during which it made investment decisions and organized investment research activities (n = 18). These meetings usually lasted 1.5 hours and were attended by key decision-makers in the Firm. The lead author recorded these meetings whenever possible and produced extensive fieldnotes in notebooks or on her laptop. Attending these meetings enabled observation of vocal expression and body language that accompanied certain phrases, which helped to understand the context of common expressions found in archival records. In our analysis, we designated a number to each member of the Firm, referring to Partner-level members of the Firm with the prefix P and other key decision-makers with the prefix DM. Other analysts in the decision-making team were referred to with the prefix A. To facilitate reporting, we refer to key decision-makers as SVC and to others as A.

The first author was also invited to attend meetings between resource-seeking ventures and the Firm (*n* = 40*)*, which lasted between 15 and 60 minutes and took place on premises. She was introduced to third-parties at first as a researcher observing and studying the investment process, and later, as trust developed, as a junior associate of the firm to help reduce the impact of her presence as an external observer (Corbin & Strauss, 2008; Finlay, 2002).

Other events the lead author was able to observe included formal *public pitching events* hosted by the Firm with various partners, formal *private pitching events* hosted by the Firm for its extended network, internal meetings, and other formal gatherings. The lead author also attended dozens of informal events such as coffee breaks, meals, drinks, and collaborative work sessions, during which members of the Firm conducted research, drafted documents and discussed and joked with each other. These were key in indicating the purpose that each document served and how they relate to each other. Members of the Firm had been informed of the purpose of this study by the Firm's Partners and were cordial, professional and cooperative. Informal interactions allowed for dozens of ethnographic informant interviews to occur over the course of the fieldwork (Spradley, 1979). Halfway through the research period, the first author was referred to as an "honorary member" of the team, increasing confidence in authenticity of the data.

Year of study[98]	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Contact with Firm	- No contact with Firm	- First contact with Firm - Research proposal submitted	- Research proposal accepted - Official fieldwork period	- Interviews continue	- Interviews continue
Field visits (18)	0	4	12	2	0

Table 27: Timeline of engagement with Firm

To further reduce the risk of excessive partiality, following each visit, the first author returned to the university office environment to reflect on and analyze the data collected that week (Gioia, Corley, & Hamilton, 2013: 19). Additionally, she regularly discussed emerging questions and observations with a second author, who served as a "devil's advocate." He

[98] Year refers to year of Study, not to be confused with year of the Firm's operations.

did not conduct fieldwork with our informants and offered a fresh perspective that limited over-imaginative writing (Hammersley, 2006; Van Maanen, 1979).

Semi-structured interviews. Prior to beginning this project with the SVC, we conducted 28 semi-structured interviews with other Social Venture Capitalists, VCs, philanthropists, social entrepreneurs and other informants, to help us understand the different evaluation processes employed in this industry and the varying perspectives on social and financial return. Once the project with this Firm began, these interviews helped to contextualize data collected at the Firm and were not used in our analysis (hence they are excluded from Table 28).

At the Firm, we conducted over 50 semi-structured, open-ended interviews with the Firm, following the ethnographic interviewing protocol proposed by Spradley (1979: 55), in which we relied on members of the Firm to inform us of their experience in assessing and acting upon new venture proposals. These interviews were used primarily to help contextualize each member's contribution to the evaluation process and allowed us to compare and contrast observational data and archival data with our informants' perspective (Patton, 2002). We conducted these interviews in the following two settings.

The first consisted of formal scheduled meetings between the first author and members of the Firm that were 20-70 minutes long and took place in person or through a video conferencing tool, wherein the interviewer made clear the purpose of the interview and the objectives of the study (and doctoral dissertation, for which this data was originally collected). In these settings, she asked each member descriptive questions from a set of pre-established questions related to the member's professional history, their history at the Firm, their role in the evaluation process, and their engagement with ventures. These straightforward background questions and experience and behavior questions provided context and eased the Firm members into the rest of the interview. From here the questions became more structural in nature, aiming to understand cognitive and interpretive processes (e.g., goals, intentions, desires, and expectations). Questions regarding evaluation processes, types of venture engagement, types of selection criteria, and types of challenges emerged from analysis of ongoing data collection, including previous rounds of interviews (she conducted multiple rounds of interviews with each member).

The second type of interview conducted differed in formation and formality. They occurred without a prior appointment, varied in length from one or two minutes to 20 minutes, and became more frequent over the course of the research period. When such an interview occurred, additional members of the Firm sometimes joined in, creating a group discussion interspersed with rapport-building "friendly conversations" (Spradley, 1979). If a 1-on-1 conversation evolved into a group conversation, the lead author generally stepped back to observe the spontaneous conversation, stepping in only to ask clarifying questions. She also conducted interviews with members of the Firm's angel network, partners of the Firm, and entrepreneurs with investment proposals under consideration.

Interviews over year of study[99]	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Partner (11)	*0*	*1*	*8*	*0*	*2*
Principal (46)	*0*	*5*	*35*	*6*	*0*
Analyst (12)	*0*	*1*	*10*	*0*	*1*
Collaborators (4)	*0*	*2*	*0*	*1*	*1*
Other informants (38)	*7*	*15*	*7*	*9*	*0*

Table 28: Overview of interviews conducted over the research period

Archival data. The Firm's archival data is stored on a cloud-based server and was, at first, shared with the lead author on a document-by-document basis through specific requests. When requests became more frequent, she was given remote access to the Firm's entire repository of venture-related documents. Of particular interest to this study was the Firm's ***IC minutes***, ***pre-IC poll, venture databases and other internal documents.*** The IC minutes were a living document that contained an agenda, a summary of the previous week's decisions, and the minutes of each meeting. Prior to each IC, the Firm also circulated an internal survey, which included information on ventures up for discussion and solicited comments from each member of the team, including a vote (yes/no/abstain) on whether the Firm should continue pursuing these ventures. The Firm's venture database included all investment proposals and corresponding investment statuses. The lead author also consulted the minutes of the Firm's meetings with ventures, submitted venture documents, publications from the Firm, internal correspondence and fund-venture correspondence revealing due diligence exchanges and investment statuses. When more context was required in selected investment cases, additional e-mail correspondence was requested from the firm. All document requests were honored.

[99] Year refers to year of Study, not to be confused with year of the Firm's operations.

Type of data	Use in study	Description of data	Quantity	Year[100]					
				1	2	3	4	5	6
Participant observation									
Industry events	Secondary data source	Conferences and private events focused on corporate social responsibility, technology startups, philanthropy and social entrepreneurship	17 events	✓	✓	✓	✓	✓	✓
Semi-structured interviews	Secondary data source	Interviews with SVCs, VCs, philanthropists, social ventures and other informants	38 interviews			✓	✓	✓	
Non-participant observation									
Investment committee (IC) meetings	Primary data source	SVC's weekly meeting on investment decisions and research activities, fieldnotes and transcriptions compiled by researcher	414 pages 27 hours 18 events				✓		
Venture meetings	Primary data source	Meetings between the members of the Firm and ventures seeking funding, field notes and transcriptions compiled by researcher	120 pages 40 events				✓		
Formal and informal events	Primary data source	Private pitching events, public pitching events, sponsored events, lunch, dinner, coffee breaks, and internal meetings hosted by the Firm, fieldnotes and transcriptions compiled by researcher	200+ hours			✓	✓	✓	
Interviews						✓	✓	✓	
Semi-structured interviews	Primary data source	Interviews with SVC's key decision-makers on their personal history, their history at the Firm, their role in the evaluation process, and their engagement with specific ventures	50+ interviews			✓	✓	✓	
Semi-structured interviews	Secondary data source	Interviews with SVC's collaborators	4 interviews			✓		✓	✓
Archival data (compiled by the Firm)									
IC minutes	Primary data source	Agenda and minutes covering weekly meeting on investment decisions and research activities	758 pages			✓	✓	✓	
Pre-IC poll results for shortlisted ventures	Primary data source	Shortlist of 1-6 ventures to be discussed at IC meeting, includes yes/no/abstain vote from fund members and individual comments	1,856 rows of entries			✓	✓	✓	
Internal documents	Primary data source	Internal documents (Excel, PowerPoint, Word) produced by the Firm to reflect on past investment decisions and direct future activities	56 pages			✓	✓		
Venture databases	Secondary data source	Excel files tracking every venture proposal received by the Firm	2,984 rows of entries	✓	✓	✓	✓	✓	
Venture meeting notes	Secondary data source	Word documents created to store minutes, correspondence or research related to specific ventures	850 files			✓	✓	✓	
Email correspondence	Secondary data source	Internal email correspondence with or regarding selected ventures	93 pages			✓	✓	✓	
Media and publications	Secondary data source	Newsletters, blog posts and reports published by the Firm	111 pages			✓	✓	✓	✓
Venture documents	Triangulation of events and investment status	Investment proposals submitted by ventures	1,476 files			✓	✓	✓	

Table 29: Overview of data sources

[100] Year refers to year of Firm operation, not to be confused with year of study/research period.

Data Analysis

As is customary in inductive fieldwork that employs ethnographic approaches, data analysis began the moment that data collection occurred and continued alongside data collection over the length of the research project in an iterative and reflexive way (Corbin & Strauss, 2008; Gioia et al., 2013). Guided by a broad research question about the evaluation criteria and processes of SVCs, we engaged in constant comparison of collected data (Glaser & Strauss, 2009; Suddaby, 2006) and in descriptive and theoretical coding, which then guided theoretical sampling (O'Reilly, Paper, & Marx, 2012). As recurring themes began to emerge, we turned to the iterative dialogue between the literature, the data and our informants (Pratt, 2009). Throughout this process, we recognized emergent findings that were potentially pertinent to developing our understanding of the phenomena and so shifted our attention in the data gathering, analysis and questioning as appropriate. Below, we describe the phases of our data collection and analysis process in four discrete, linear phases and how they modified our research question incrementally. However, as is the case in exploratory, inductive work, in reality, these phases overlapped and were returned to out of order.[101]

Initial RQ: How do social venture capitalists (SVCs) select and evaluate investment proposals?

Phase I: Identifying empirical themes—evaluation phases and venture attributes of interest to SVCs. The goal of Phase I was to empirically understand the evaluation process, immersing ourselves in the research setting with particular attention to our informants' *emic* terms (Morris et al., 1999; Morrow, 2005). Guided by the question: *How do SVCs select and evaluate investment proposals?,* we focused on understanding the investment attributes of interest to the Firm and the main events leading to the simple investment outcomes: "still under consideration," "no longer under consideration," and "invested."[102] For more details about Phase I, please refer to Appendix H.

Phase II: Expanding empirical themes—understanding the relationship between venture attributes of interest. In the next phase of our coding, we leaned into the recursive process of data collection and data analysis, allowing emergent findings to guide our attention in the following weeks' fieldwork and interview questions. Our main documents of interest here included our fieldnotes, the IC minutes and meeting transcripts, and interview transcripts. We employed both open coding and axial coding

[101] These phases were led by the author of this thesis, despite the occasional use of the "we" pronoun.
[102] In a separate study, we continued with the coding process described in Phase I, analyzing 1,614 investment decisions from this SVC.

(Corbin & Strauss, 2008), looking for relationships beyond the empirical themes found in Phase I.

In order to further increase trustworthiness in our interpretive scheme, we performed numerous "member checks" with our informants (Nag, Corley, & Gioia, 2007; Van Maanen, 1979). A member check conducted in this phase of our fieldwork period confirmed that our empirical themes were indeed venture attributes of interest to the Firm's *social-mission* (including *hybridity-related attributes*), the Firm's *commercial mission*, and *firm-specific preferences.*

However, it is in this second phase that we became more aware of our bias as researchers. Until this point, we had viewed the SVC's *social-mission-related* considerations as a separate filter from the Firm's *commercial mission* and applied them separately, utilizing the model of "man as an information processor" (Morgan & Smircich, 1980). Yet after additional rounds of coding, it became clear that our original framing of the Firm as a traditional commercial actor applying a social-mission-filter (e.g., how hardware investors apply a hardware/software-filter, how European-based investors apply a geographic-filter) was less helpful in explaining the process that we were observing.

It became evident that the data was portraying the Firm's evaluation process as less of an objective application of two separate sets of filters and more of an interrelated activity, in which the concerns of one identity informed the other and in which both identities interacted to inform the evaluation outcome.

Their dualistic perspective is particularly evident in one interview excerpt, in which we asked a member of the Firm to comment on a specific investment case and suitable impact measurement metrics:

> "*If you're really creating positive social change, your revenue should increase. It all ties back to our belief that doing good generates an attractive return*" (SVC4, Fieldwork).

In a later publication, another member of the SVC wrote:

> "*Understanding the social dimension of business in a millennial age will be key in assessing competitive differentiation, and thus, economic outperformance. […] Our hypothesis is that such a relationship between social responsibility and financial profit is not only possible, but that companies who commit to this approach can ultimately outperform those solely focused on revenue generation"* ([Redacted], 2017a).

Re-examining this data led us to place more emphasis on interpretive methods in our research, which might have enabled us to better understand the hybridity of the SVC. Our research question evolved from *how do social investors select and evaluate investment proposals?* to *How does SVC duality affect how it evaluates and acts upon investment proposals?*

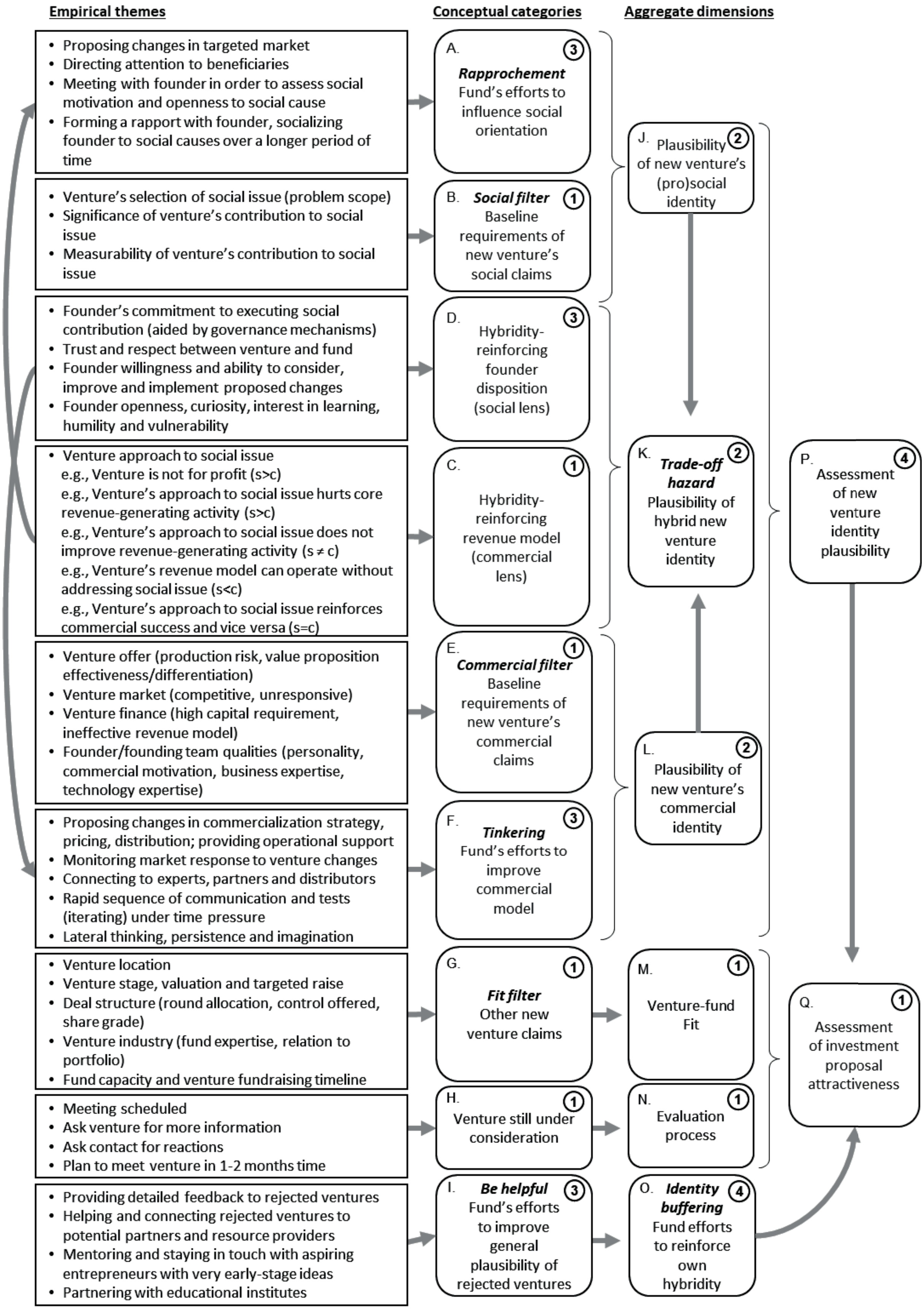


Figure 24: Summary of data structure

This shift reflected links we found between the ventures' social claims and commercial claims, as we illustrate in Figure 24 with the aggregate dimensions labeled J, K and L in our Data Structure.

Moreover, once we began looking for signs of duality, we found that the emerging empirical themes related to hybrid revenue characteristics could stand alone as a conceptual category (we separated conceptual category D, from B in our Data Structure). The conceptual categories and aggregate dimensions labeled (2) in our Data Structure illustrate the new categories that emerged in Phase II (Figure 24).

Continuing in this vein, engaging in a constant comparison between different representations of our identified empirical themes, we began to note a distinction in what we assumed to be the strength of duality represented in these investment proposals. Our thinking in Phase I represented these dualistic attributes more as one-dimensional filters, yet when revisiting different investment proposals from our fieldwork period, attempting to understand the qualities of these attributes, and conversing with the literature and our research colleagues, we realized that we might be able to qualify the *strength* of the dual dimensions and identify patterns. Drawing on our codes from Phase I, we followed the suggestion of creating data displays (Miles & Huberman, 1994) to visualize the Firm's rating of ventures, according to axes of financial and social potential (see, in the Data Structure, conceptual category labeled B and E, respectively).

Many of these ventures had already been coded in Phase I, facilitating our task. But even when the Firm provided a clear indication of their rating in over 100 investment proposals (see Table 33 for examples), we triangulated every case plotted in our data display with observational data, fieldnotes, and archival data authored by other key decision-makers of the fund.

	Exemplary data[103]		
	Weak social attributes	***Average social attributes***	***Strong social attributes***
Strong commercial attributes	Impact: Unclear - The [venture's] services provides non-profits the means to optimize on fundraising, marketing and operations. This may not be impactful in itself, but in turn helps enhance the outcomes achieved by each non-profit. Business: Strong - The revenue model is subscription based, with 440-1480 monthly fee that's paid annually in advance. The product offering is inherently sticky as the platform ties in core suite of necessary tools for non-profits that previously lack a digital infrastructure. There may be significant opportunity to cross-sell additional services to existing clients, especially as tech needs change over time. (871, Internal correspondence)	Impact: Average – The product is designed to enable collaborative learning opportunities for students from different backgrounds and geographies, which should enable the delivery of an enhanced education experience. In addition, the team believe that this will facilitate greater cultural exposure and understanding that should deliver positive outcomes for students later in life. Business: Strong - The [venture] currently charges an annual subscription for schools to use the service, with the content currently being developed in house. However, the team are currently exploring the option of allowing educational institutions to sponsor and create content. (121, Internal correspondence)	Impact: Strong. Manufacturing, increasing access to and awareness of products that can help people with [long-term conditions] 'live a normal' life can be directly measured by quality days of life gained. The impact consists in dealing with symptoms and side effects, monitoring and equipping the home, and enabling positive wellbeing. Business: Strong. Solving for a clear pain point – many patients and their families don't know that many of these products exist/can improve quality of life for someone with a [long-term condition] (e.g. products for sore mouth and ulcers), or spend a lot of time researching where to get them. The [venture] is also seeking to launch its own products to fill existing gap between patient demand and current offering. TAM of >200m […] patients with cancer, dementia, Parkinsons, arthritis, stroke, HIV, allergies, diabetes, plus families and carers; with total spend of >[Euro]260bn on home health, living aids, and wellness products. (787, Internal correspondence)
Average commercial attributes	Impact: Weak - No impact. Business: Average - providing access to data around liquid alternatives to enable packaging into FoFs with guidance provided via model portfolios. The model portfolios are bucketed into 2 groups - broad diversification (i.e. long duration bonds, long/short equities etc.) and event driven / thematic. The business generates revenue through charging an annual subscription with tiering dependent on the number of licenses needed (between $2.5k - $100k). (1324, Internal correspondence)	Impact: Average - providing source of income to emerging artists and encouraging otherwise disengaged people to 'own' and be interested in art. Business: Average - crowdfunders own a 'equity' in the art, which is then sold on to the collector network associated with [Deal 101]. The platform then takes a % of the sale of the art post-sale to a collector. There is interest around the platform but limited conversion to funding and sales. [Our fund] has incubated the [venture] for >3 months but with limited outcomes generated. (101, Internal correspondence)	Impact: Strong – The [venture] deliver meaningful impact through two measures: 1) reduced cost for hospitals (as outlined in the [venture-]commissioned white-paper: [link] and 2) improved care as patients will be able to leave hospital earlier (and be continuously monitored) and potential warning signs will be identified more accurately and consistently. Business: Average – The business has the ability to capture a large amount of recurring revenue as seen by [car-sharing service], with the team looking at a 25% commission on each ride. However, the major potential headwind to the [venture]is that by providing a service to only 50% of the population it is possible that too few drivers are recruited / too few jobs are available; with this potentially being a large risk in such a competitive industry. (119, Internal correspondence)
Weak commercial attributes	Impact: N/A - the business is targeting the slowing of dementia and alzheimer's symptoms, however, the efficacy of the treatment is currently unknown (with a longitudinal data set unlikely to be available for several years.	Impact: Average - the business may be able to generate impact through two strategies: a). allowing users to raise awareness for and solve hyper-local issues; and b). innovate around broader social issues.	Impact: Strong - going beyond ethical fashion but looking to actively benefit workers and their families is clearly analogous with [our] impact criteria.

[103] All data in this table are direct quotes from archival data. Each number refers to a different investment proposal.

	Business: Weak - the [venture] currently uses a freemium model, whereby certain functionality is available for free with the majority of functionality only available on a paid for version charged at $15 for individuals and $25 for organisations. The team have to date attracted 50 users with no marketing but no revenue. (749, Internal correspondence)	Business: Weak - the platform had its public launch earlier this year and generated some early traction (currently with 250 users) around the [city] mayoral election, however, the platform has not yet determined a clear long-term commoditisation strategy. (892, Internal correspondence)	Business: Weak - no real progress made yet. The proposition is very confusing with the founder wanting to make garments for large fashion brands whilst also promoting the business directly to consumers. In addition, profitability and financial sustainability did not seem to be a focus. (1326, Internal correspondence)

Table 30: Exemplary quotes of ventures according to their social and commercial dimensions (as rated by the SVC)

Phase III: Expanding empirical themes — SVC actions towards ventures. In Phase III we continued constructing our data displays venture by venture, adopting a replication logic as we plotted each venture on the axes (Eisenhardt, 1989; Yin, 2013). We began with the investment proposals evaluated during our fieldwork period, and those that had come up in our interviews, building on the results of axial coding suggesting a link between venture attributes and *actions* taken by the Firm throughout the evaluation process.

While in the previous phases we focused on investment proposal attributes and investment outcomes—essentially viewing attributes as direct determinants of investment outcomes (and maintaining three large umbrella groups of investment outcomes: "still under consideration," "no longer under consideration" and "invested")—in this phase, we gave more attention to those recurring SVC *actions* found in our data, digging deeper into the heterogeneity of actions assigned to ventures in the umbrella groups "no longer under consideration" and "still under consideration," which we had essentially viewed as binary groups. To help us in this process, we returned to old coded interview and meeting transcripts, IC minutes, and fieldnotes, and coded these documents again with attention to venture attribute *dimensions*, as interpreted by the SVC, and the different types of actions assigned to these ventures between the Firm's initial meeting with them and the investment outcome.

Although at times, our data only indicated a distinction between "weak" and "strong" venture dimensions (rather than "weak," "average," and "strong") these dimensions sufficed in alerting us to the distinctions in how the Firm engaged with these ventures, based on perceived dimensions. For example, we continued plotting the investment cases we had encountered during our fieldwork in a method resembling theoretical sampling, drawing from our trove of archival and observational data in a way in which we could "test" emerging insights about which venture attributes led to which SVC actions (Eisenhardt, 1989). These sets of investment proposals acted like replications and highlighted contrasting qualities of each venture case (including the dimensions and associated actions).

Over the course of making several data displays and adding additional venture cases, patterns of venture engagement strategies used by the Firm for different types of ventures began to emerge. We continued adding ventures and verifying if our patterns of venture engagement still held, stopping once we reached theoretical saturation, and the consideration of a new case no longer challenged our observed patterns. A sample of data displays we created in this phase is presented in the following figure (Figure 25). As this figure illustrates, the preferred investments for the SVC can be found in the top right-hand quadrant of the landscape. Although the commercial potential of these investments is slightly discounted, the SVCs investment and engagement efforts are concentrated along the top-right quadrant of the graph.

The observed SVC strategies are labeled as conceptual categories A, F and I in the Data Structure summary (Figure 24).

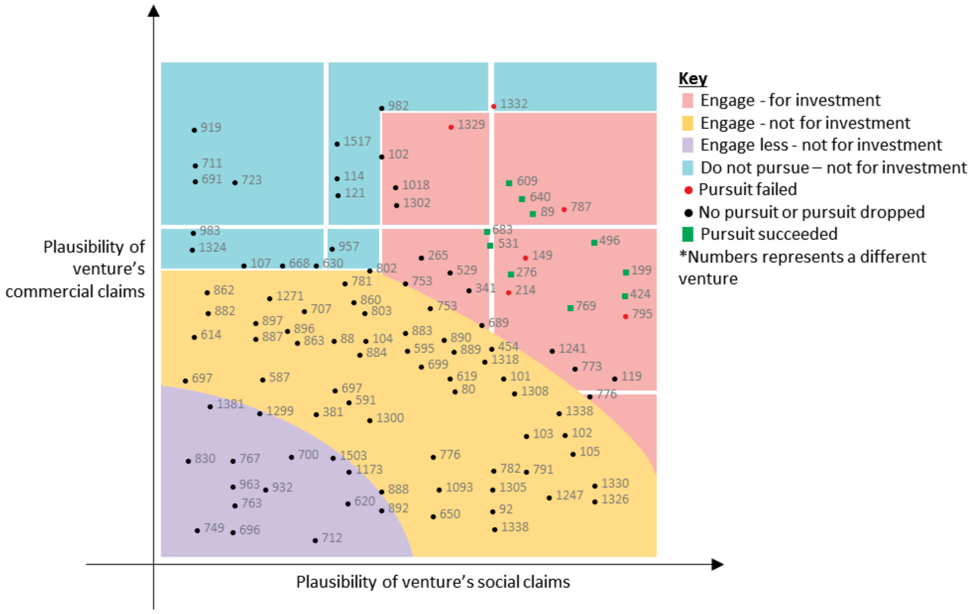


Figure 25: Example of data display created during Phase III of data analysis[104]

Phase IV: Developing a variance model between conceptual categories. In the final phases of our data analysis, we sought to complete the aggregation of our conceptual categories into theoretical dimensions capable of explaining how SVC duality affects the evaluation of and engagement with new ventures. In this stage, we considered the role of the venture attributes and actions in shaping and developing investment outcomes. Approaching the data from this perspective, we observed that certain strategies were used to evaluate ventures as they were presented, and led to behaviors such as "filtering out," "be as helpful as possible," and "pursue." "Filtering out" and "be as helpful as possible" served the purpose of allowing the Firm to enact and reinforce its own hybridity without leading to an investable outcome. "Pursue," though rarer (due to the rarity of venture-fund fit and strong hybridity claims all around), at times led to an investable outcome. Finally, other strategies were applied when the Firm was convinced by a *portion* of the venture's identity claims (e.g., the social claims or the commercial claims) and sought to explore the venture's hybridity potential. When successful, these latter strategies allowed the Firm to co-create an investment opportunity not previously available.

This recursive process revealed an intuitive set of strategies the Firm applied to evaluate and shape investment proposals along social and commercial dimensions and nudged us towards the literature on the

[104] Drafts of earlier data displays are included in the appendix of this chapter.

plausibility of identity claims (Lounsbury & Glynn, 2001), new venture identity assessment (Navis & Glynn, 2011), and new venture duality (Smith & Besharov, 2017). We refined our model with the research question: *How do hybrid resource providers assess and influence the plausibility of new venture identity claims among hybrid ventures?*

Findings

In this part of our study we detail five strategies used by a dualistic early-stage investment firm to understand and shape identity duality in evaluated ventures. We demonstrate empirically how the assessment of new venture efficacy across social and commercial identity claims led—or did not lead to—capital acquisition (Lounsbury & Glynn, 2001; Navis & Glynn, 2011). We organize the patterns of decisions we observed into five strategies: *Cautious Pursuit, Tinkering, Rapprochement, Helping,* and *Filtering Out.* When successful, these strategies allow the investor to identify and avoid investments in ventures with a high risk of hybridity collapse, termed "Trade-off Hazard." They also enable the SVC to increase the plausibility of ventures' social and commercial identity claims and co-create attractive hybrid investment opportunities. However, these strategies are costly in terms of time, social capital, and emotional labor.

First, in the section on social and commercial identity claims baselines, we present the initial ways in which the Firm expressed and assessed duality, highlighting the venture attributes most important to the Firm and how this affects SVC behavior (*Cautious Pursuit* and *Filtering Out Strategy*). Next, in the section on hybrid identity reinforcement, we further detail its understanding of new venture hybridity ("Trade-off Hazard"). In the third section, we detail additional strategies the Firm applied to improve the plausibility of evaluated ventures' hybrid identity claims, inadvertently shaping new ventures' hybrid identities (*Tinkering* and *Rapprochement Strategy).* Here, we present a variance model detailing the actions taken by the Firm when evaluating investment proposals, as well as the influence it has on new venture identity. In the last section, we discuss a strategy we observed the Firm using *without* the intention of accessing an investable deal (*Helping Strategy)*, and point to the hybridity-buffering effects these strategies had on the Firm's own duality.

Baseline Social and Commercial Identity Claims and Implications for Venture Assessments

We know from the literature that social investors use social and commercial filters in their selection and evaluation process (see white space in the following figure, Figure 26). These filters act as "floors" that demarcate the minimum social or commercial potential that a venture can claim before being denied funding (Höchstädter & Scheck, 2015). Depending on the fund, the level of these floors changes. The amount of capital (plus interest) expected in return, as well as the extent of social outcomes delivered, changes according to each fund's baseline commercial expectations (Chiappini, 2017).

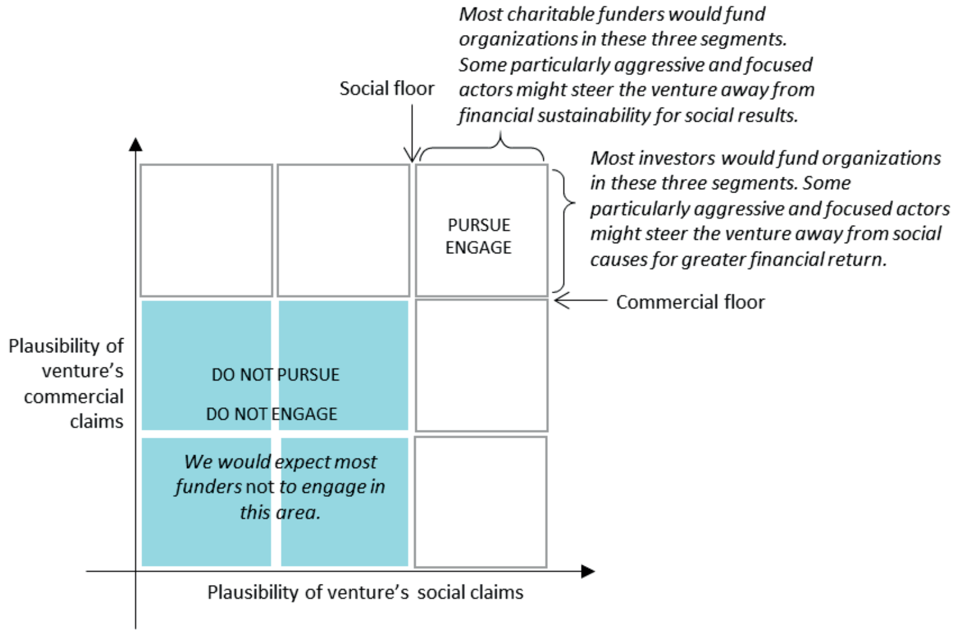


Figure 26: Expectation of investment firm behavior based on literature

As illustrated in the following section, our data confirms this concept of floors and goes further by qualifying the demarcation threshold in SVCs. We find a parallel structure in terms of social and commercial baseline (which is expected due to our sampling criteria). However, while these baselines exist, we do not observe a consistent action based on the baselines, as we will explain when presenting the SVC's shaping strategies (see: *Helping Strategy*) later in the Findings. Investment deals are only immediately *Filtered Out* if plausibility is judged to be *low-low* across both claims, but the Firm's evaluation process extends beyond this initial assessment. However, we do observe the SVC using both social and commercial considerations as independent filters to *assess* objective venture attributes—and essentially plot ventures on a mental model of two axes (as shown above).

Our data illustrates that the Firm also uses social and commercial considerations as *lenses* to assess the long-term plausibility of the venture's social and commercial identity claims (i.e., where the ventures are on the axes), which we termed "Trade-off Hazard." Finally, we also illustrate the types of preferences the Firm upheld which were not specifically related to either their social or commercial mandate. We detail how these considerations were applied by the Firm in the following section.

Filtering Out Strategy: The Firm did not consider ventures whose commercial claims did not meet baseline plausibility expectations. The Firm prioritized the plausibility of a new venture's commercial identity claims in the early stages of the evaluation process. Its behavior towards new ventures' commercial claims was triggered by venture attributes commonly discussed in the venture capital and investor decision-making literature (MacMillan et al., 1985; Petty & Gruber, 2011; Wells, 1975). In their investment proposals, ventures made claims about (1) their offer, (2) target market and market response, (3) financial model, and (4) founding team qualities, which were together intended to affect the overall plausibility of the commercial identity claims.

However, over the course of our fieldwork, the Firm found fault in one or more of these venture claims in multiple venture proposals. For example, they were concerned about one of the following: production risk, value proposition effectiveness and differentiation, commercialization strategy (*offer*); competition, size, market response, product-market-fit (*market*); high capital requirement, ineffective revenue model (*financial matters*); or the founder's personality, commercial motivation, business expertise or technology expertise (*founder/founding team*). Strong concerns in one or more of these claims decreased the overall plausibility of the new venture's commercial claim, which we and/or the Firm then rated as a *weak* or *average* commercial claim.

We observed that the Firm consistently filtered out ventures that had *significant* commercial concerns, i.e., ventures whose commercial claims had weak plausibility. For example, in a Pre-Investment Committee (IC) Poll on investment opportunity 756, which uses coffee grinds to produce energy, the Firm's Partner wrote:

> *"[vote no].*[105] *with current v low energy prices in question their ability to generate cheap enough energy. here's the rub - this is basically a biofuel generator. There are LOTS of biofuel generators, and people dont need to be as elaborate as collecting coffee from coffee shops - you can create biofuel from all sorts of agri[cultural] waste - cuttings, offal etc. I dont [sic] see the economic logic, UNLESS the energy conversion coefficient is MEANINGFULLY higher than other sources of biofuel, which I am certain it is not. FOLLOW UP QUESTION - how does energy conversion of coffee compare to other biowaste?"*

The Firm reiterated concerns with a venture's commercial claims in another example, which is a message from the Firm to the venture explaining their investment decision. The Firm pointed to four main

[105] The SVC drew on its branding to indicate a "yes" or "no" vote. Hence, we omit the actual term to protect the Firm's identity.

concerns: market competition, venture competitive advantage, revenue model, commercialization strategy:

> *"First, the competitive landscape has become quite saturated over the past few years, with corporates facing an increasing spectrum of similar propositions for their employees. The team struggled to see what the competitive edge is for corporates to choose [venture] over these propositions. Additionally, the team has found that the revenue models in this space are quite difficult to get right, especially when seeking to scale across multiple clients. The complexity here may [be] caused by the "lumpiness" of revenue from [Corporate Responsibility] budgets and long sales cycles associated with corporate entities with [our firm] having preference for business' that are less 'contract' based." (720, Correspondence with venture).*

Baseline social and commercial requirements helped to inform the overall assessment of social or commercial plausibility of a venture (as indicated in Figure 27). As illustrated in this section, an investment decision was often based on concerns about multiple aspects of the venture's commercial claim, however, the Firm also expressed concern for both commercial claims and social claims in the same investment decision. We detail the *Filtering Out* strategy for social claims in the following section.

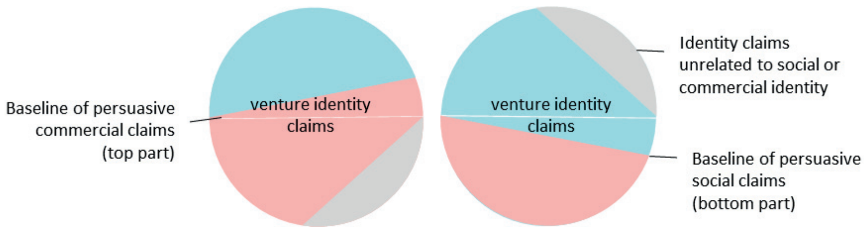


Figure 27: Conceptual visualization of baselines of plausible social and commercial identity claims

Filtering Out Strategy: The Firm did not consider ventures whose social claims did not meet baseline plausibility expectations. The Firm prioritized the plausibility of a new venture's social identity claims in the early stages of the evaluation process as well, seeking investment in ventures with strong and persuasive social identity claims. As illustrated in the conceptual visualization above, these social claims acted as the mirror image to the commercial claims and provided the baseline required to enable an emergent hybrid identity. Our data revealed that for new venture identities to be socially plausible to the Firm, the venture needed to (1) target an important social issue, (2) provide a significant contribution to the issue, and (3) approach the issue in a way in which progress towards the issue would be easily measured.

When selecting an important social issue, the venture needed to achieve two things. First, the venture needed to address a theme of interest to the Firm. This finding confirms a social investment strategy that the literature has termed "investment targeting" or "filtering in" (Rudd, 1981), whereby funds focus on one or more critical issues, such as the natural environment, or education. In our case, though the SVC was a generalist investor, they explicitly identified five action areas, including economic development, education, environmental sustainability, healthcare and relationships. *Filtering Out* ventures, according to these guidelines, was fairly easy for the Firm to execute. For example, the Firm explained in an email describing the investment decision of one venture, "I'm not sure there is a clear enough fit with our investment areas and impact focus, but we do wish you all the best" (179, Correspondence with venture).

Second, the Firm also expected ventures to address a significant problem within these themes. For example, with regards to a health-oriented device, the Firm explained its first reason for not investing as "1). The high price point excluded large parts of the population, and therefore limited the positive social outcome generation" (1243, Correspondence with venture)—suggesting that while the venture was addressing an important issue (namely, health) the Firm considered it to be addressing a problem felt by a small portion of the population, including a demographic whose needs were perhaps less urgent.

Next, after selecting an important issue to address, the Firm expected the venture to make a significant (and overwhelmingly positive) contribution towards the problem. In one case, the Firm was considering a venture addressing an important problem in education, one of their target areas. However, the Firm was conflicted about the venture's actual contribution towards improving children's education. One viewed the contribution as not significant (i.e., not addressing a root problem), while others viewed the venture as having potential *negative* outcomes. Comments from their internal, Pre-Investment Committee Poll on investment opportunity 872 read:

> *"I want them spending less time on the screen!"* (SVC2);
> *"Agree. Would rather direct children away from screen time"* (A2);
> *"interesting,"* (SVC1);
> *"[vote no]. I can possibly be convinced that educational viewing content generates more positive outcomes than existing media out there for children, but I don't believe this addresses root cause of problem"* (SVC3);
> *"The business makes sense to me as well as the reasons for why they can win (focus on smaller independent producers, timeless content, etc), however I think the critical issue is the ethical one - are we supportive of 'healthy' (ad-free, educational) screen time? Is some screen time necessary evil and therefore re-directing kids from one type of platform/content to another is worthwhile? Or are we more radical than that (screen time is fundamentally wrong)?"* (A3).

Although the Firm eventually makes a judgment on a venture's claim to be providing a significant contribution to an issue, it is sometimes less straightforward to determine. In the following example, the Firm assesses the significance of a venture's contribution to an issue, which they pair with a concern relating to the venture's commercial claims as well. In a message to the following venture (#1321), the Firm explained its reason for not investing:

> *"1). The production of the goods by skilled artisans reduces the social impact of the business, as these are people who almost definitionally have other employment opportunities (as you mentioned in regards to them working for [luxury retail brand] amongst others). Therefore, we struggled to apply our investment process in a way that was analogous with our other investment decisions.*
> *2). The low run rate of the business is likely to be challenging from a cash flow management perspective in the short-term."*

Next, in addition to targeting an important social issue and providing a significant (positive) contribution to the issue, the Firm also sought a final component prior to *Filtering Out* investments for social reasons: Ventures needed to approach a social issue in a way in which progress would be easily measured.

> *"I like the company but raise two questions: 1) How does it fit in our impact metric? [It's] education, but there are no clear impact metrics defined and they do not use any KPIs [Key Performance Indicators] 2) Very competitive market [...] (229, Poll)"*

Yet, despite the importance of these three components in helping the fund to determine a venture's baseline social plausibility, a failure to satisfy these three baseline qualities would not immediately eject the venture from the evaluation process. The Firm often exchanged with ventures and gave them time to augment weak elements of their claims. In one case, the Firm waited two weeks for a contact "to send pipeline and impact measurement data" (IC Minutes). As we will describe in the section on shaping social and commercial claims, once ventures passed a threshold of plausibility (e.g., average), the Firm also took a more active support role. However, by and large, this *Filtering Out* strategy we observed at the Firm was consistently applied for ventures that displayed significant issues with their social and commercial claims (i.e., their social and/or commercial identity claims were assessed as having *low* plausibility). We enclose additional exemplary data in Table 31, at the end of this section.

Filtering Out Strategy: The Firm did not consider ventures whose other claims did not fit contextual Firm preferences. The Firm encountered a number of different attractive ventures that they decided not to pursue due to a lack of fit with contextual and VC-specific preferences. Like other investors, the Firm had preferences in terms of location, venture stage, deal structure, venture industry, fund capacity and the venture's fundraising timeline. Although the Firm's investments at the end of our fieldwork period included companies in three countries and two continents, the Firm preferred companies headquartered nationally. The Firm preferred the valuation of companies in which they were investing in for the first time to be between 1-3 million Euros, and their average investment ticket was 300,000 Euros. In terms of deal structure, the Firm was comfortable with minority ownership, if complemented with a board seat, and usually preferred preference shares,

Though the Firm invested in a range of industries, the venture could not conflict with ventures in the Firm's existing portfolio, should be the most attractive venture under the consideration by the Firm at that time, and should be operating in a field in which the Firm had some expertise and network connections. The fit with the Firm's expertise was a key aspect of how they understood their investment strategy ([Redacted], 2017b). Since investing in early-stage ventures is inherently risky, the Firm sought to substantiate as many of the venture's claims as possible through their expertise and network. They viewed this, as "de-risking," i.e., reducing (though not eliminating) risk in as many of the venture's tasks as possible (e.g., by reducing the risk of unsuccessful production, inadequate distributors, etc.). They explain this in the following Pre-IC Poll (#872),

> *"I don't know the children's content space to fully appraise why / if this is needed - it seems very similar to [another venture] in terms of specialised [sic] content channels for children. I'm not sure how we would look to de-risk this in a meaningful way - as our media contacts are limited" (SVC4).*

And regarding another venture,

> *"Does this actually change consumer behavior significantly enough for recurring use at high enough volumes? Would like to see what assumptions they've tested here to see if they can actually achieve revenue growth that matches free initial adoption (ie: [Lifetime Value vs. Customer Acquisition Costs]). There's a lot of competition (and already some failures!) - what extraneous/uncontrollable variables exist in this space, and can we de-risk through our network?" (SVC3)*

Finally, the Firm had limited capacity and could only conduct deep due diligence on 3-4 ventures at a time, hence, timing was crucial for ventures to be considered for investment. Moreover, the Firm required extensive due diligence before feeling comfortable enough to pursue an investment, giving an advantage to ventures which approached the Firm early on in (or even prior to) their fundraising period. We include these considerations because while they did not have any direct bearing on the plausibility of new venture hybridity—or new venture identity in general—these claims did affect the Firm's overall assessment of investment proposal *attractiveness*, and in many cases represented the baseline requirements for being considered for investment.

Conceptual category	***Empirical Themes***	***Exemplary data***[106]
Baseline commercial claims	*Offer (product or service)*	- [We] struggled with the product's ability to be a truly differentiated and 'game changing' technology within the accessibility market. (785, Correspondence with venture) - I ultimately think this service is still a little ahead of its time and not a holistic enough solution (i.e.: nice to have for those who can afford it, but limited prospect of continual engagement and mass adoption). (1104, IC Poll) - Concerns around willingness to [pay] for separate handset (885, IC Poll) - A huge market but this business doesn't seem to address the main issues that all ventures in this space struggle with - recruitment of quality carers and preventing disintermediation. (592, IC Poll)
	Market	- First, the competitive landscape has become quite saturated over the past few years, with corporates facing an increasing spectrum of similar propositions for their employees. The team struggled to see what the competitive edge is for corporates to choose [venture] over these propositions. (720, Correspondence with venture) - Pass on investing due to competition (836, Database) - I like the company but raise two questions [sic]: 1) How does it fit in our impact metric? [It's] education, but there are no clear impact metrics defined and they do not use any KPIs 2) Very competitive market. DD [due diligence] has to reveal a clear competitive advantage (What do they have that no one else can mimic? (229, Poll)
	Finance	- Significant capex and lead time to market (1503, Database) - Interesting idea, but no idea how to monetize (1450, Database) - NFP [not-for-profit]- not for us (277, Database)
	Team	- Key questions are […] founder: can she attract top talent to work with her and is she taking our feedback?" (1303, Venture meeting notes) - [SVC5] met 22/7: [SVC2] and [SVC5] agree - not convinced with founder [founder]'s intentions/strategy/capability. (193, Database) - Lost co-founder. To stay in touch as reforms team and be helpful. (1249, Database)
Baseline social claims	*Selection of social issue (problem scope)*	- Action Area=N/A (20, Database) - Social (Yes/No/Maybe): No (28, Database) - SVC2 relayed message: pass on investing due to lack of fit with our impact framework (67, Database) - I'm not sure there is a clear enough fit with our investment areas and impact focus, but we do wish you all the best (179, Correspondence with venture) - Very intersting idea [sic], but not clear what social outcome here is (564, Poll) - Too niche and high-end for the moment, perhaps we can revisit if they look to broaden their appeal? (VC2). [Vote no.] I think the impact case here is weak. (VC1). [Vote no.] from an impact perspective. (VC3). [Vote no.] No impact, but a potentially lucrative high margin business if the sales strategy can be accurately executed. (VC4) (724, Poll)

[106] All are direct quotes; each number refers to a different investment proposal.

		- Followed up post-event. Team discussed on 4/6 on impact angle. Conclusion: Not clear on how differentiates, lack of impact -> No action. (791, Venture database)
	Significance of venture contribution to targeted social issue	- [Vote no.] Impact appears limited, and much more interesting would be creating capsules to be used in existing Nespresso machines. (VC4). [Vote no.] I don't think this is actually that impactful (yes, it saves time for parents, but I find the health effects tenuous). The idea seems interesting and anecdotally (and instinct) tells me there is [low] initial willingness to pay (esp among upper middle class) until price points fall over time. (VC3) (723, Poll) - [We] struggled with the product's ability to be a truly differentiated and 'game changing' technology within the accessibility market. (785, Correspondence with venture)
	Measurability of a venture's contribution to a social issue	- How can you measure that and what is actually a leading indicator? Also, because we don't measure impact and for the sake of measuring impact. You measure impact in the belief that it should be driving your financial story. […] We'd need to think about what is a driver of success for your business alongside delivering a positive social outcome. (777, Fieldwork notes) - I like the company but raise two questions [sic]: 1) How does it fit in our impact metric? [It's] education, but there are no clear impact metrics defined and they do not use any KPIs 2) Very competitive market. DD [due diligence] has to reveal a clear competitive advantage (What do they have that no one else can mimic? (229, Poll)
Venture-fund fit filter	*Location*	- [vote no]. Can we help this particular business in [emerging-country]/target markets?
	Stage, valuation and targeted raise	- Too big for us (8) - Pass due to size. (784) - The team was impressed with the product and traction to date; however, the business has progressed to a later stage than the current focus of FIRM's investments. (1009, Correspondence with venture) - Take off table for now due to: valuation (617) - [SVC4] and [SVC4] met with [founders]. Venture is still idea stage. (221) - Interesting what they're building but quite early. (315) - Pass due to stage (lack of proof of concept). (549) - Too early to invest in (1179)
	Deal structure (round allocation, control offered, share grade)	- We were going to be the largest ticket, but we weren't going to have a board seat, and there were some other concerns around the terms (149, Interview) - [No.] We should be either in great value deals/leading, and/or a minority of 'access' deals, where we have a v strong partner who can lead and underwrite for a long time (eg [lead investor] in [5564]). Note also [deal structure], with pref 8% cum [dividend] structure, which is typically not quite right for us. (373, Poll)
	Venture industry (fund expertise, relation to portfolio)	- Biology is too advanced for me. (279, Database) - There may be a similar venture with more traction/better model - [venture 616 which we are in touch with] (907, Database) - Interesting tech but too similar to other parts of portfolio (722, IC Minutes)
	Venture fundraising timeline	- I think given your timelines it'll be difficult for us to close an investment (1032, Correspondence with venture) - Closing too soon (1603, Database)

Table 31: Conceptual categories, empirical themes and exemplary data for codes related to baseline claims and venture-fund fit

Founder Disposition and Revenue Model Design as Hybrid-Identity-Reinforcing Claims

Although the Firm might be persuaded by a venture's ability to meet baseline requirements of venture's social claims, commercial claims, and other claims; the plausibility of some claims was not ends in itself but were tools which the Firm used to interpret the likelihood of sustainable hybridity over the long term. Below we describe the role of both social claims and commercial claims in helping the Firm assess the plausibility of each venture's hybridity claims.

Hybridity-reinforcing claims: The SVC used (pro)social and other identity claims to assess hybridity plausibility. The social claims the Firm employed as lenses included the Founder's commitment to executing social contribution, as well as the qualities of the Founder enabling flexibility around methods to achieve the social goal. We characterize the latter as founder openness, curiosity, and interest in learning, humility and vulnerability. As indicated in Table 32, we group these claims with other hybridity-reinforcing qualities related to founder disposition, such as: trust and respect between venture and SVC, as well as, founder willingness to consider, improve and implement proposed changes.

Hybrid-identity-reinforcing claims: Founder disposition		
Related to plausibility of social claims		**Related to venture-fund relationship**
- **Commitment to executing social mission**	- Qualities enabling flexibility around methods to achieve the social goal: founder openness, curiosity, interest in learning, humility and vulnerability	- Trust and respect between venture and fund and founder - Willingness and ability to consider, improve and implement proposed changes

Table 32: Summary of hybridity-reinforcing claims related to founder disposition

Hybridity-reinforcing founder dispositions were important to the Firm because they believed this warded off the risk that the venture might "make a trade-off," i.e., prioritize commercial performance in lieu of achieving social outcomes—what the literature refers to as "mission-drift" (Ebrahim et al., 2014; Jones, 2007; Santos et al., 2015). A founder's commitment to executing a social contribution through the venture was important because even if a venture offers a compelling set of baseline social and commercial claims, without a founder's commitment to see the execution of the social mission to its full potential, the plausibility of hybridity in this new venture identity remained low.

In one IC meeting, members of the Firm discussed their engagement with a venture (#595):

> *"What does the venture do?" (A3);*
> *"Block chain transactions for refugees being handed cash by government, so you can track what's being spent when and where" (SVC4);*
> *"It's pretty cool" (SVC3);*
> *"Yeah, I really liked that idea when we talked about it last" (A2);*
> *"Yeah, I guess it's cool, but they just are not the people to do it, I don't think. There's just no ... they have just hacked this [public interest in the problem], there's no, sort-of like 'I care' at all..." (SVC4);*
> *"Judging from the email [they sent us] it sounds like that's true" (SVC3).*

A member if the Firm elaborated on this point in an interview:

> "*[Once, we had] someone who I thought was interesting and genuinely motivated by that [social mission]. When I was like, 'What's success for you?' they were like, 'Oh, you know, do this and this and this.'*
>
> *Then I was like, 'But, you know that's not very scalable,' [and they responded] 'No, you're right, that's not very scalable so we'll just have to...' Then… it's like if at this* critical *point you're* so *willing to say what I want you to say, then you don't have that much conviction in what you want to do. […] They're going to encounter that [hardcore investor] in the future, [so,] you need to understand their motivation from the start.*"[107]

We illustrate the Firm's point in the following conceptual diagram (Figure 28), whereby weak founder commitment to executing a social mission allows commercial demands within hybrid ventures to take precedence. On the contrary, with a strong hybridity-reinforcing founder disposition, the Founder can confront commercial demands within her organization and structure the commercial elements of her venture.

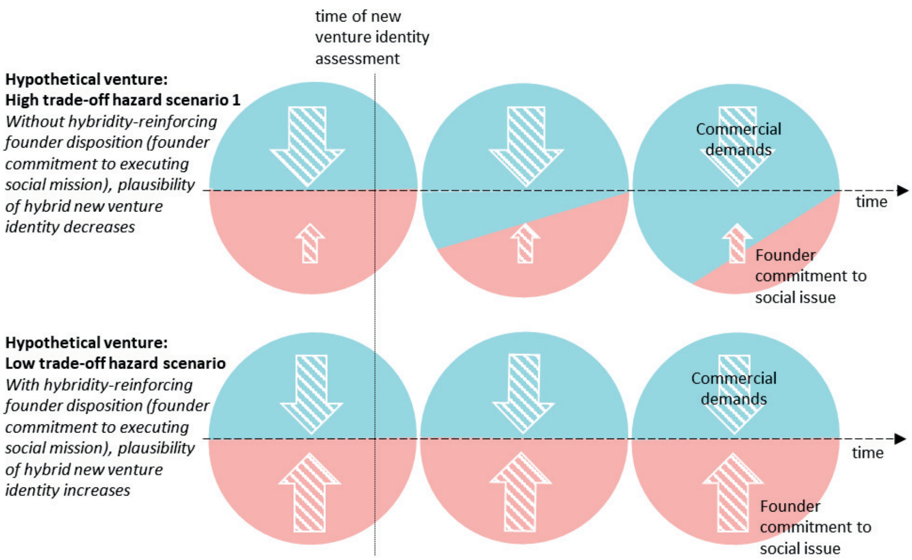


Figure 28: Conceptual visualization of how weak founder disposition increases Trade-off Hazard by not guiding or confronting commercial demands

Interestingly, although a founder's disposition was seen to shape ventures' (pro)social identity despite financial pressures, a founder's disposition also enabled improvements in a venture's commercial claims. This enabled commercial claims to be improved in the short-term (as we describe in the

[107] This portion of our interview with SVC4 has been shortened for brevity's sake but it is included in this Appendix H in case of interest.

Shaping Strategies section), however, founder's disposition also appeared to foreshadow long-term (commercial) value generation, by proxy of an improved long-term relationship with the Firm. The working relationship opens the door to tackling road bumps of the social or commercial kind, as a co-founder of the Firm explains:

> *"It's more about who am I happy to work with, or would I want to work with, rather than ... That's like a prerequisite for us to have a successful working situation […] I think you can [work with founders to improve their business model]. You can* always *do it. It's not easy, but I think you* can *do it. What you* can't *do is the converse of that where you have to work on their [character]. Not just care, make someone that we can work with. Part of the character assessment is 'Can we work with this person?' or 'Do they take feedback? To my very first point. That is a big red flag actually"* (SVC1, Interview).

In another conversation, we observed the Firm discussing their relationship with a venture still under consideration (#1329),

> *"Here I feel we're taking a very binary outcome but we don't actually have any influence in it" (SVC1);*
> *"Why couldn't we influence it? We know senior corporate decision makers at lots of big companies. Why, knowing those people, could we not help them?" (SVC2);*
> *"I think it's a question of do we have that relationship with that management team? […] Is that a working relationship yet?" (SVC1)*
> *"No, I don't think so, no" (SVC3)';*
> *"Not really. Not really. (A3).*

Interestingly, governance was not a major topic of discussion at the Firm, despite it being key in the literature on the management of social issues in business settings. One reason for this might be that in the early-stages of a company, the board and relevant actors consist of fewer individuals, conflict resolutions may be more easily resolved in an informal setting. These data underline the importance of founder disposition and venture-VC relationship quality.

While the Firm *was* aware of the importance of alignment between stakeholders, principal-agent issues, social and fiduciary mandate, they appeared to view these topics as tools for codifying founder disposition then as legal safeguards from conflict. In an interview the Founder explained that they request an impact statement from founders to be placed in the venture's articles of association, but emphasized through his tone that this represented a *commitment* from the founder to address the issue,

> *"In the articles of association, we want an impact statement. We want you to report on the 2-3 yet to be determined impact KPIs, which we'll work on. So: a* commitment *that they will work on that"* (SVC1, Interview).

As these examples illustrate, the venture's (pro)social identity claims represented more than baseline thresholds of social identity claim plausibility, but also contributed to positive assessments of longer-term venture effectiveness around questions of hybridity, avoiding Trade-off Hazard and other road bumps.

In the next section, we discuss a second Hybridity-reinforcing claim used to assess hybridity plausibility, followed by a venture-support strategy enabled by Hybridity-reinforcing founder disposition.

Hybridity-reinforcing claims: The SVC used commercial identity claims to assess hybridity plausibility. In addition to using commercial considerations as independent filters to address objective venture attributes, the Firm also used commercial considerations as *lenses* to assess the long-term plausibility of the venture's social and commercial identity claims. In this hybridity plausibility assessment, the Firm sought to increase hybridity plausibility by selecting ventures whose social activities and commercial activities were as related and as complementary as possible. Seeing the Firm seek ventures with related/complementary activities (versus ventures with less-related/less-complementary activities) confirms the emerging distinction discussed in the literature between complementary hybrids (e.g., "market hybrids"), and contested hybrids (e.g., "bridging," "blending" and "coupling hybrids") (Besharov & Smith, 2014; Santos et al., 2015).

Investigating the venture's commercial claims in relation to their social activities, the Firm was able to distinguish ventures with incompatible versus venture with more compatible revenue models. Sand, one of their portfolio companies represented an ideal version of the hybridity-reinforcement the Firm sought in its revenue models. Sand offers a hardware and software solution to food businesses seeking to track and reduce food waste generated in their kitchens, and they charge their customers directly on how much food waste they save. In Sand's investment proposal, they describe their value proposition:

> "*Our proposition in a slide…*
> *$30k food waste per year in the average commercial kitchen;*
> *Sand is a revolutionary technology that cuts food waste in half;*
> *$15k food waste per year in 6 months after using Sand;*
> *Sand charges about 20% of recurring food cost saved + $7k upfront fee (or lease)* (Venture Document)

By pricing their offer directly on the social outcome generated (an environmental outcome), Sand builds a proposition that creates a reinforcing relationship between social and commercial outcomes. The model is more integrated in that the client is also a beneficiary due to the food waste Sand helps her reduce. While this does not guarantee that mission drift will not occur, the hybridity-reinforcing revenue and social activity model does make it less likely (Battilana & Lee, 2014).

Unfortunately, the majority of the revenue models evaluated by the Firm were seen to be less compatible. Below, we detail three different concerns the Firm sought to avoid in evaluating the hybridity-reinforcing qualities of venture revenue models.

The first type of concern related to revenue models that prioritized social outcomes over commercial outcomes (social > commercial). The Firm usually made sense of the venture's intentional prioritization of social outcomes over commercial outcomes *after* engaging with the founders, accepting meetings with ventures legally designated as not-for-profit organizations, as well as, with venture without clear for-profit legal designations. Following these meetings, the Firm would debrief internally. In one Pre-IC Poll (#381), the Firm wrote,

> *"On impact, the cross-subsidy model is against our lock-step. Yet, the economics won't make sense (according to founders) without this type of model. Pass based on this? (so core to our thesis as investors)" (SVC3);*

In another poll (#790), the Firm wrote,

> *"Can they sustain and grow as a for-profit? Seems more like a (great) [not-for-profit] model" (SVC3);*
> *"Nice idea, but I really struggle to understand the business viability. Business plan please" (SVC1).*

In other cases, the Firm assessed the hybridity-reinforcing qualities of ventures directly from the revenue model described in the ventures' investment proposal, using the term "lock-step" to describe the hybridity-reinforcing nature of a venture, which may guard against premature hybridity collapse.[108] In the following Pre-IC Poll (#103), the Firm discusses,

> "*Is this actually lockstep? Is providing delivery job[s] addressing need for both consumer[s] (ie: better service?) or [is providing a delivery job to people with disabilities] more about [an] "empathy" purchase/choice to prefer [venture #103]? (ie: is brand tied to impact, like [Dart]). Is brand sufficient differentiator vs. price?*" (SVC1);

[108] The concept of lock step is described in more detail in the following section, using the term "Trade-off Hazard," defined as the vulnerability of a new venture's hybridity claims.

“[Vote no.] Last minute delivery is very competitive, what makes these guys better? Why does employing people with disabilities make sense from a business perspective? Price and service are everything in last mile [delivery] and I struggle to see these guys competing on either” (SVC4);
“[Vote no]. Like the impact case here (aiming to provide 'dignified income' to those previously unable to be employed/unemployed). However[,] competition and barriers to entry seem quite low - the founder acknowledges a Nordic (?) competitor is entering the Spanish market with a similar model and [is] well funded to grow rapidly” (SVC3).

In this case, which resembles what Santos et al., (2015) refer to as a “bridging hybrid,” the venture’s clients are not the beneficiaries of the venture’s social activity (i.e., employing individuals with disabilities), thereby making the venture more vulnerable to mission drift (Battilana & Lee, 2014). The social activity does not offer a positive source of commercial differentiation, and, in fact, *hampers* the performance of the venture in a competitive market. As a result, the social activity as tied into the revenue model thus is not *reinforcing*, but, on the contrary, *challenging* hybridity, and in particular, challenging the commercial claims in the venture’s new identity. In this case, the Firm envisions three possible scenarios. First, they briefly entertain the idea that the social mission may sway customers enough to support a less effective, more expensive service. Second, they take the view that the venture *does* continue abiding by its social mission but causes hybridity to collapse if a new source of revenue is not found (given the venture’s competitive market). Third, they take the view that the venture does abide to the social mission until commercial failure looms near, when the venture decides to pivot and drift away from the social mission. We provide a conceptual illustration of scenarios 2 and 3 below (Figure 29), illustrating how revenue models that prioritize social concerns over commercial concerns may pave the way for hybridity collapse.

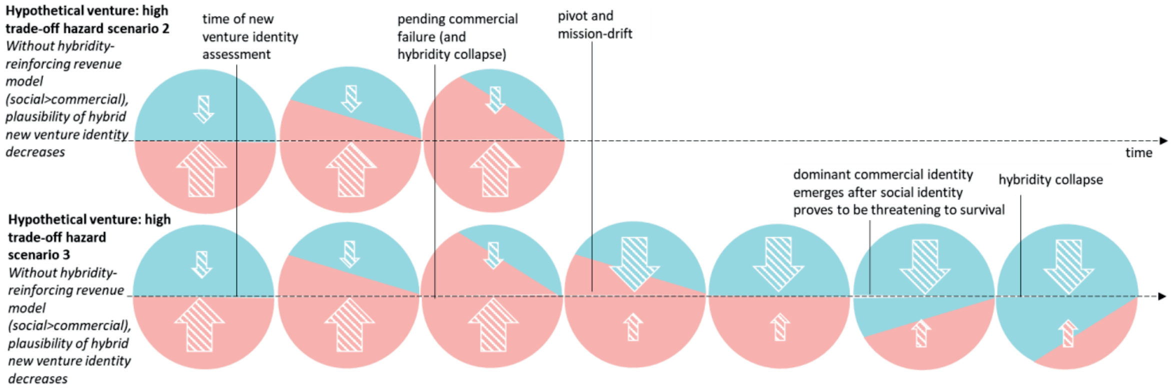


Figure 29: Conceptual visualization of how social>commercial revenue models increase Trade-off Hazard

The second type of revenue model the Firm avoided in an attempt to reduce Trade-off Hazard includes revenue models at risk of prioritizing commercial outcomes over social outcomes (social < commercial). In these cases, the social activity does not depend on the revenue model, thereby allowing the venture to expand client sources and revenue-generating activities to include companies and activities associated with harm. In a message to a venture explaining the Firm's investment decision (#83), they write:

> *"The team discussed the [opportunity] at some length and were impressed with the clear innovation in design which would facilitate the delivery of aid with limited risk to human life. In addition, I wanted to flag how much I valued the opportunity to spend time with such high-pedigree and accomplished entrepreneurs.*
> *Despite the aforementioned points, ultimately the team could not get comfortable with the business model. [Our fund] looks to invest in companies whereby the revenue is generated from private companies or consumers, as this opens up a wider spectrum of 'payers' and therefore enhances the likelihood of success for the business. Therefore, assuming the need to expand the potential client basis, [our fund] had concerns around ensuring that the product was only used for social good."*

In this case, this venture's technology capabilities portrayed government militaries as attractive potential clients, providing an incentive to the venture to engage in actions beyond the original social activity. For instance, a venture could expand beyond its original mission of delivering aid, into multiple other revenue-generating activities (see expanded blue section in Figure 30). Since the social activity does not depend on the revenue model, and revenue-generating activities expand, the social activities become relatively less significant. The revenue model funds other activities that jeopardize the venture's social task, and the social task may even be dropped.

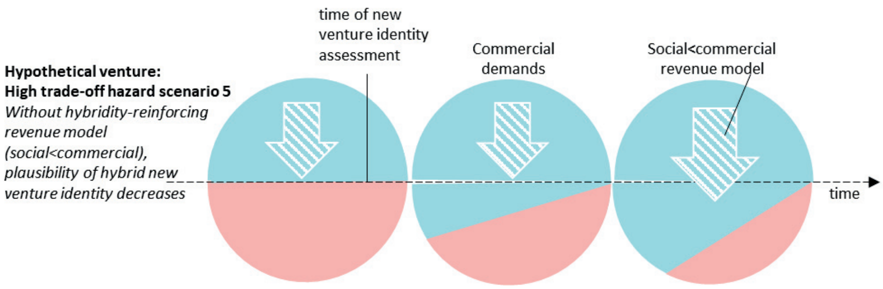


Figure 30: Conceptual visualization of how social<commercial revenue models increase Trade-off Hazard due to lack of interdependence (similar visualization to social≠commercial revenue models, described below).

The third type of revenue model the Firm avoided in an attempt to reduce Trade-off Hazard include similar cases, wherein the revenue models are entirely separate from the social outcome generation (social ≠ commercial). In these cases, the Firm viewed the locus of social outcome generation as external to the venture and the venture's core- revenue-generating activity. These investment opportunities usually consisted of platform social ventures, or traditional commercial ventures not aiming to address a social issue. In both cases, the social venture served as a connector or enabler of social outcome generation, directing capital and/or attention to a third party, such as a non-profit, which would be responsible for owning and driving the social outcome generation.

In one Pre-IC Poll (#825), the Firm's co-founder referred to the revenue model of shoe company TOMS, which popularized the Buy-One-Give-One model (Mycoskie, 2016),

> *"I don't think we can invest in this. 1) It is a Tom's model. This is a high powered CSR program and is not a fit for us. If the ties were made by Africans then it would be more interesting, and brand closer linked to the impact. But in this instance, the impact is one step too far removed from the bottom line."*

In this case, the venture donates a pair of ties for every sale made, but the two activities operate independently. Because the commercial activity operates independently of the social activity, the venture could drop the social activity in a number of scenarios, e.g., the venture encounters financial troubles, changes leadership, or is established enough to not need to be associated with a charitable social activity (see X in Figure 31).[109]

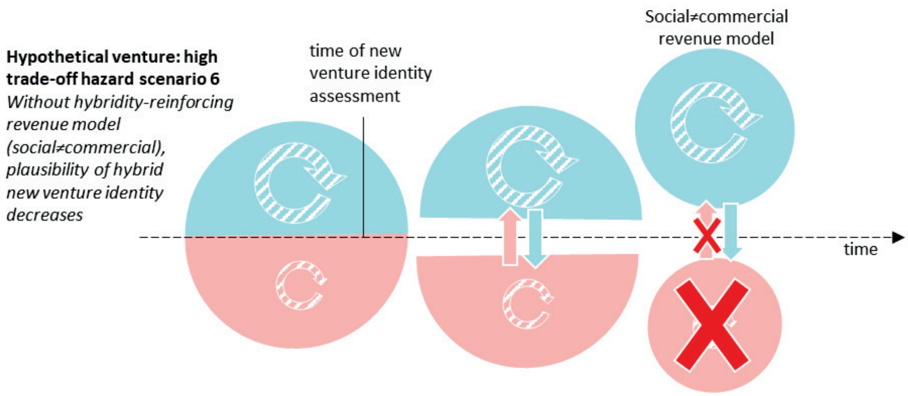


Figure 31: Conceptual visualization of how social≠commercial revenue models increase Trade-off Hazard due to lack of interdependence

[109] The Partner points to the venture brand as a potential way to continue tying the venture identity to the social activity, the logic being that if a brand known for being social drops its social activities, its customers would stop supporting it. However, the Partner is only moderately convinced, moreover, the literature suggests that when this occurs, while some social brands may lose some supporters, the lost customers are not likely to represent a large part of their customer base (Bloom, Hoeffler, Keller, & Meza, 2006; Fosfuri, Giarratana, & Roca, 2016).

In another opportunity the Firm considered (#780), the venture offered a booking platform for corporate employees seeking volunteering opportunities. The Firm noted their investment decision in their venture database as follows, "Discussed at IC on 26.01 - pass on investing as does not fit impact framework - Not pre-determined, [not] owned by platform." In this case, it is the social activity that operates independently of the revenue model (unlike the previous example where the venture's revenue model operates independently of the social activity). In the latter case, although the venture's value proposition somewhat depends on its ability to connect clients with social outcomes, the venture has no control on how the social outcome is carried out (see Figure 32). This venture's social outcomes are dependent on a third party, and it is possible that the third parties could stop collaborating with the venture in question (e.g., venture partners with a non-profit which then ceases activities, or in the case of #780, perhaps non-profits develop an in-house volunteering platform). In both this case, and the former case, there is a hazard, a risk of trading off one activity for another since the two activities operate independently. Table 33 provides exemplary data for these hybridity-reinforcing mechanisms.

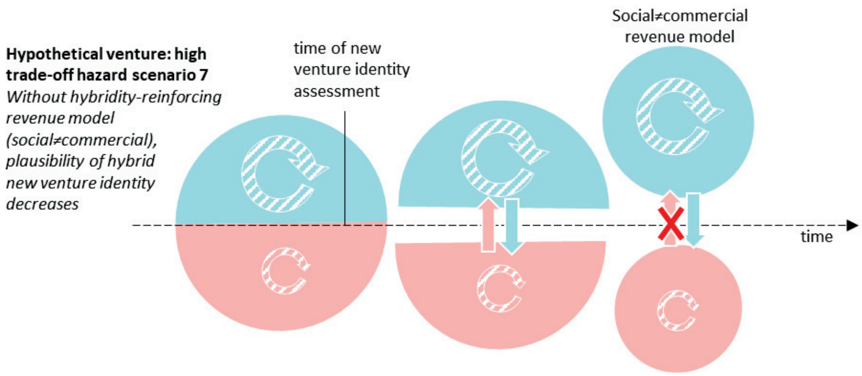


Figure 32: Conceptual visualization of how social≠commercial revenue models increase Trade-off Hazard due to lack of interdependence

Conceptual category	***Empirical Themes***	**Exemplary data[110]**
Hybridity- reinforcing revenue model	*Venture approach to social issue*	- I did not buy into the idea of selling to rich and then subsidising [sic] the solution for the poor. This is not lock step. It should make money by servicing the poor. Can they change to make this more accessible? - Team discussed at IC on 27/7: No investment at this stage due to not fitting lock-step model. [SVC4] provided response on 1/9. (Tracker) - Will get bought by a big insurer - need to work out impact. (898, Database, Poll) - While we are aligned with respect to the social outcomes the business aims to achieve in supporting local and small-scale producers, we look for scalable for profit businesses which deliver sustainable social and commercial outcomes. (1550, Correspondence with venture) - Follow-up=pass; Meeting=No; Comment=Non-profit (1556, Database) - "Not a fit for venture (more NFP)" (1560, Database) - SVC3: Can they sustain and grow as a for-profit? Seems more like a (great) nfp [not-for-profit] model. Again, $1.50 is quite expensive for a wash and

[110] All are direct quotes; each number refers to a different investment proposal.

		reading session (I paid about the same for 3-4 weeks of washing - soap and water, my own two hands). - [venture offers washing machines for rent, inside a community library] - SVC1: Nice idea, but I really struggle to understand the business viability. (790, Poll) - [We] had concerns around ensuring that the product was only used for social good. (83, Correspondence with venture) - I think for us we need to look at your base case and see how much food waste [your customer's are] throwing out. It doesn't really fit into our health sweet spot, because it is but it's not measurable. […] So environment is probably how we would think about it. it's also worth thinking about carbon footprint, what does it actually mean in terms of carbon footprint, so we need to think about that. How many of your customers *don't* do this. Think about the food waste that doesn't happen, is that is driving better consumer behavior? (977, Venture meeting transcript)
Hybridity- reinforcing founder disposition	*Founder disposition*	- Team: Average - the team has extensive business experience (particularly the CEO), but seems to have limited focus on generating real social impact. (93, Venture Meeting Notes) - Don't seem that impact driven. (450, IC Minutes) - [I] worry that it's not lockstep. They could easily pivot away […] from empowering marginalized women thru their workforce, but if you trust that this is a core motivation for the founders, then I feel ok about it. (276, Pre-Investment Committee Poll) - A good founder will probably want to be in the game for quite a long time. They will take a pretty long term view on things. Agency connects with horizon in that sense. Owners long term, managers-shorter term. There's still even a spectrum within owners. Some owners want a quick buck, others are taking a longer and longer view. You get a sense for that, I think, quite early on. In many ways I always think the impact is just good, long-term value creation. It's thinking about all the externalities healthy for the business longer term. That's tantamount to being a good owner and taking a long term view on your business and wanting to give it to your kids one day, that kind of thing. That's one of the first things I'll look at and think about when you meet the founder. Where we then talk more about impact, and I don't know if it's early enough to be honest, is when we get to terms. In the article of association we want an impact statement. We want you to report on the 2-3 yet to be determined, impact KPIs, which we'll work on. So: a commitment that they will work on that. (SVC1, Interview) - When I see [founder of venture 1247], you know [she] cried yesterday in her pitch. Some people found that difficult. I thought that was *amazing* because she's clearly had a close experience with the effects of this, and she's really *affected* by it, like it *is* kind of gross. So she's really *passionate* about fixing it. (SVC1, Interview)

Table 33: Conceptual categories, empirical themes and exemplary data for hybridity-reinforcing mechanisms

Trade-off Hazard: Informed by baseline social claims, baseline commercial claims, hybridity-reinforcing founder disposition and hybridity-reinforcing revenue models. In the previous sections we discussed how venture (pro)social, commercial, and venture-fund fit identity claims led to a *Filtering Out* strategy on behalf of the Firm. Although baseline identity claims were assessed at times with regret — "Love the concept, but don't [sic] see the impact outcome that is relevant to us. Shame, as sounds like an interesting [investment]" (730, Pre-IC Poll) — and incredulity — "No social impact. But v impressive venture. What do we do with such ventures??? (strong, but not a fit)" — the venture assessment and resulting action from the Firm was relatively straightforward (*Filtering Out*). On the other hand, hybridity-reinforcing claims related to founders' disposition and ventures' revenue model were more difficult for the Firm to interpret.

The Firm's IC decision-making procedures always allowed for a member of the team to challenge the outcome and prove prior assumptions wrong, and as a result, the Firm's consensus-based discussions involving hybridity were made with varying levels of confidence. Having described the *ideal* forms of hybridity-reinforcing claims in the previous section, we now revisit the concept Trade-off Hazard as it usually appeared in the Firm's evaluation process (i.e., hybrid identity vulnerability, or, risk of hybridity collapse).

We introduce the term "Trade-off Hazard" because it is a more inclusive term that covers multiple types of trade-off. Mission-drift denotes a trade-off which prioritizes a venture's commercial identity, over its social identity (Jones, 2007), but not the contrary (prioritizing the social outcomes over commercial outcomes). Also, while the Firm used the term "lock-step" to refer to hybridity-reinforcing revenue models, as we illustrate, in this section, the Firm could become comfortable with a venture's vulnerability to trade-off *without* a hybridity-reinforcing revenue model. The Firm independently assessed both types of hybridity reinforcing claims (founder disposition and revenue model), but these two assessments interacted to inform the Firm's overall Trade-off Hazard assessment.

For example, although ventures that adopted revenue models pursuing social and commercial goals independently of each other (social ≠ commercial) were not ideal representations of hybridity-reinforcing claims (revenue model), the Firm still could assess them as having adequate levels of Trade-off Hazard, due to the influence of the venture's hybridity-reinforcing founder disposition. In the case of Dart, a high-end women's apparel companies which supports and advocates for survivors of human trafficking, one member of the Firm refers to her concern, in the Pre-IC poll, that the venture's revenue model is not hybridity-reinforcing. However, she concedes that the founder's disposition may make up for this,

> *"[I] worry that it's not lockstep. They could easily pivot away [...] from empowering marginalized women thru their workforce, but if you trust that this is a core motivation for the founders, then I feel ok about it."*

In a sense, the founder's disposition *counters* the commercial momentum brought on by the venture's revenue model. Through the founder's personal commitment to the social issue, the Firm believes that she will actively build ties between the commercial activity, the venture's public image and the social cause, while also enlisting the help of the Firm to keep her on track. In this case, the Firm ended up financing the venture and taking on an operational business role, freeing up the founders to work more on advocacy roles. While this is not the ideal image of hybridity, "the constellation of claims around the founders, organization and market opportunity” of the entrepreneurial entity amounts to a workable investment opportunity (Navis & Glynn, 2011). We conceptually visualize this opportunity, as identified by the Firm, below (Figure 33).

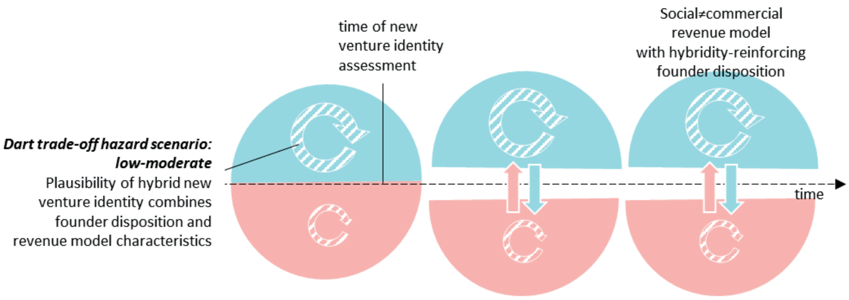


Figure 33: Conceptual visualization of how social≠commercial revenue models manage Trade-off Hazard with founder disposition

In another case, members of the Firm debated intensely on whether the founder’s disposition could make up for a revenue models at risk of prioritizing commercial outcomes over social outcomes (social < commercial), and what this meant for the venture’s overall Trade-off Hazard. Some members of the Firm believed that the venture’s revenue model’s ability to reinforce hybrid social and commercial outcomes was *low* (category C in the Data Structure) but due to the founder’s disposition (category B) and other identity claims (category G), the Firm and the venture would still be able to keep Trade-off Hazard low. In an interview with a member of the Firm early in the year, SVC1 said,

> *“I think [the founder of venture 341 has] genuinely become more mission-driven as he's come along. I think he might have been affected by us sitting right next to him and giving him a sense of license to talk more about that stuff. More and more people talk about impact. He's commercial about it too. That's great.”*

However, by summer, multiple IC meetings revealed discord within the team about the ability of the online and mobile platform to protect its low-income users from being targeted by predatory advertisers offering selling potentially harmful products such as high-interest loans, or cigarettes.

> *“The impact risk here is that as they get going and they hit the usual problems people have scaling businesses, that the shiny money from [lead generation] becomes really, really attractive and suddenly you move from helping granny to lower her electricity bill to actually helping granny pay the highest possible tariff.*
> *And that’s charity… so absolutely the best of intentions, but 30 pieces of silver become too attractive. And this has that feel that at some point, you’re selling your customers and not actually providing a service” (SVC5);*

"That's a really important corporate governance route that we have to beware of if we progress with this" (SVC4);
"It's not a governance issue, it's a business model issue… and money will dictate this. And actually this is a good discussion. One of our guiding principles is that we're doing good so… what is the risk that we end up in businesses that are not doing good?
One: this damages our brand, because we were naïve. And secondly, it's going to jeopardize fundraising and all kinds of things. So we should be really careful not to end up in businesses that end up flipping to something that we don't want to be associated with at all" (SVC5).

In this case, SVC5 believed that venture's revenue model's ability to reinforce hybrid social and commercial outcomes was low (category C in the Data Structure), and that the commercial plausibility of the new venture identity was bound to be challenged with scaling efforts (category E), and that these two elements together had a greater impact on Trade-off Hazard than founder disposition (category B). In the end, the conflict assessments of the venture's Trade-off Hazard delayed the Firm's investment decision. When this venture's funding needs became more urgent, the Firm ultimately did not pursue it due to its capacity (available funds, more attractive deals under consideration) and failed term negotiations (related to valuation).

Until now, we have discussed mechanisms used by the Firm to determine whether to *Filter Out* or to keep a venture under consideration and take it through the key evaluation stages. However, as we describe in the following section, the Firm combined assessments of the venture's social claims, commercial claims, and hybridity-reinforcing founder disposition to determine three other modes of engaging with ventures, which significantly influenced investment attractiveness and the plausibility of new venture hybridity.

Improving the Plausibility of Social and Commercial Claims through Identity-Shaping Strategies

While in the previous sections we discussed how baseline venture attributes shaped SVC assessments, and, at times, led to investment behaviors such as *Filtering Out* (when the plausibility of both social and commercial claims were *low-low*), in the following section we discuss venture engagement strategies applied to ventures with social-commercial plausibilities that were *moderate-high* (*Rapprochement*), *high-moderate* (*Tinkering*), and *low-moderate, moderate-moderate,* and *high-low* (*Helping).* While these are all identity-shaping venture engagement strategies used by the SVC, unlike the latter strategy (*Helping*), the former two strategies (*Rapprochement* and *Tinkering*) were employed with the intent of exploring opportunities for investment (see Table 34 for a summary of venture engagement strategies).

Ventures with *highly* plausible commercial claims and *moderately* plausible social claims tended to illicit efforts on behalf of the Firm to understand and potentially influence founders' perception of their venture's social claims. We call this strategy *Rapprochement,* which involved social motivation due diligence. Conversely, ventures with *moderately* plausible commercial claims paired with *highly* plausible social claims tended to illicit efforts on behalf of the Firm to improve the venture's commercial model. We call this strategy *Tinkering,* a strategy resembling traditional bricolage processes described in the entrepreneurship literature. These strategies tend to take place after the Firm's initial meeting with the venture and prior to any negotiation of terms.

When successful, these patterns of engagement directly increased the plausibility of the evaluated ventures' emerging identities, shed light on the plausibility of the new venture's *hybrid* identity, and co-created an investment opportunity for the venture and the SVC. When unsuccessful, the Firm withdrew their engagement, lost[111] investment opportunities, and may have hurt the fundraising prospects of evaluated ventures. We summarize these patterns of engagement in Table 34. We detail the application of these two strategies in the sections below.

		Plausibility of new venture's social claims		
		Weak	Average	Strong
Plausibility of new venture's commercial claims	Strong	Do not engage— **Not for us**	Engage— **Rapprochement (3)** *(hybridity-shaping strategy)*	Engage— **Cautious pursuit (1)**
	Average	Engage— **Be as helpful as possible (4)** *(hybridity-shaping strategy)*	Engage— **Be as helpful as possible (4)** *(hybridity-shaping strategy)*	Engage— **Tinkering (2)** *(hybridity-shaping strategy)*
	Weak	Do not engage— **Filtering out (5)**	Engage— **Be as helpful as possible (4)** *(hybridity-shaping strategy)*	Engage— **Be as helpful as possible (4)** *(hybridity-shaping strategy)*

Table 34: Summary of the SVC's patterns of engagement

Rapprochement Strategy: social motivation due diligence. The first strategy was applied to ventures with *highly* plausible commercial claims and *moderately* plausible social claims, and which exhibited at least *moderate* plausibility in terms of venture-fund fit. With a strong team and business model, the Firm was convinced by the venture's commercial claims. They saw potential for a strong (pro)social identity, but uncertainty remained around whether this was at all part of the venture's founding team's organizational self-concept. As a result, there was a high likelihood that "mission-drift" could occur prior to the venture even fully embracing a social mission. When unsuccessful, the outcomes of *Rapprochement* at

[111] Usually due to circumstantial reasons, but at times, due to their desire to apply for funding elsewhere.

times resembled *Filtering Out,* however, *Rapprochement* differs from the initial baseline evaluations that lead to *Filtering Out,* in that this strategy was applied only to venture with (pro)social identities judged to be *moderate* or higher (not low). Moreover, *Rapprochement* was a pattern of decisions in which the Firm more frequently engaged with ventures. Due to the *moderate* plausibility of a hybrid investment opportunity, the Firm engaged with the venture multiple times in a short period to develop confidence around the venture's social plausibility.

Rapprochement comprised three simple steps. First, the Firm would raise the question of (pro)social impact, directing attention to potential beneficiaries or target markets. The Firm would gauge the founder's reaction and assess the founder's emotional proximity to this or other social missions. This comprised the first part, resembling social motivation due diligence. Second, the Firm would (independently) assess if this social mission be further integrated into the organization's ethos. Third, the Firm would invest into forming a rapport with the founder, and socializing founder to social causes over a longer period of time. In an interview the SVC4 said,

> *"I saw [Dart] twice in a two-week timeframe really trying to understand what they were trying to achieve. Because key for me was are they really wanting to change women's lives or is it just the hook? […] it's actually, is that* actually *your motivation for it? I need to like the commercial, I need to like that from the start… but then [I want to figure out if the venture has] retrofitted this [commercial model] into this [social story]. I'll say stuff like, "Once you get upscale you'll stop doing that," to try and [provoke them]. Because it's easy. If you want money, you're just going to agree with me. [If] that's all you want is money you're going to agree with me."*

In this case, the social motivation of the founders of Dart sufficiently convinced the Firm, and together, they were able to craft a venture strategy to enable the venture to substantiate its (pro)social identity claims.

In another case, the Firm was instrumental in directing a venture's direction to a social cause and potential beneficiaries of their technology and enabling the hybrid identity to emerge.

> *"[Captain, our portfolio company] is like that. When we first met […] they were selling geolocation to [music] festivals. We were like, 'Listen, go to Bangladesh. Go to the Middle East. Go to favelas. That's where they need it.' Now it's all he talks about, the over 4 billion people who are unaddressed"* (SVC1).

However, the outcomes of Rapprochement more often do *not* lead to positive changes in assessments the venture's (pro)social identity plausibility, likely, due to the challenges of aligning social motivation for a social mission and the emerging venture identity. In one venture's case (#750), the founder responded to the social questions raised by the Firm in a way which did not bolster the plausibility of the venture's (pro)social identity,

> *Email subject: Perspectives on Impact*
> *"Hi SVC1,*
>
> *It was a pleasure to meet you guys yesterday. I had a great time explaining the [project] and I hope that you enjoyed the presentation as well. I have been thinking about how to best address your concerns regarding the health angle of the app. The reality is that only you can interpret the limits of your investment scope so I think the best I can do is to state the facts and then help you answer any further questions. The facts are:*
>
> *1. [Our venture] helps those who are already eating healthier and facilitates and promotes healthy nutrition to those who do not eat healthy yet but are open to it.*
> *2. [Our venture] helps those who have a dietary restriction. Whether it is caused by an allergy, an intolerance or their own choice.*
> *3. [Our venture] does not restricts its content to just healthy products, since doing that would make the app less useful. Many healthy-eaters still buy products for their families that are unhealthy, as it is everyone's choice to decide what they like to eat. That said, we will flag unhealthy things at the choice of the user.*
> *4. Is the ultimate goal of [our venture] to just help people eat healthier and have more info regarding their products? No, we also save everyone at least 40min every week, whether they choose to eat healthy or not.*
> *5. [Our venture] is positioned as an app that offers personalised [sic] nutritional recommendations and that helps consumers discover products that are good for them and we will continue to do so. We already have more than 25 nutritional experts in the platform. […]*
> *6. Will the app still help someone find and by the cheapest and unhealthiest crisps? Yes."*

In another case, even though the venture was—in principal—responsive to the Firm's social concerns, the Firm responded with the following message informing them of the investment decision (#978),

> *"It's very promising (and exciting!) to see social mission becoming embedded in both the product offering and messaging of the*

> *company. However, our team could not arrive to a consensus on whether this is a fit with [our fund's] investment thesis. We look for businesses whose primary product or service is delivering a social outcome to their consumers in a pre-determined, lock-step model."*

The Firm understands that founder disposition is not easy to influence. In one IC conversation, the Firm discussed among itself whether investment stake influences venture hybridity more than the relationship between the venture and the Firm,

> "*If you think about with [Captain], we were never… we were tiny… tiny… [in terms of our investment stake]. And I think we've had a huge, outsize impact vs. the size of our investment. And we've been a real advocate for impact. You know, if you look at all their language, it's changed radically over the past few years"* (SVC1);
> *"SVC1, is that partly due to SVC2's relationship with [the founder]? …that you can have those conversations? We don't have that relationship with [venture 1329]"* (SVC4);
> *"I don't think so. To be incredibly objective, I don't think [the founder of Captain] has changed because he's buddies with SVC2"* (SVC1);
> *"I'm not saying that. I am saying that they are slightly more compelled. You can say, 'Hey, have you thought about it this way? You have that relationship outside"* (SVC4);
> *[…]*
> *"We've always been about relationships, there's a… it's organic, whereas, like, obviously there is power in a bigger stake, but power is not really going to make people genuinely care about impact. They care about impact if they're led by your vision of it, not necessarily by how much money you put it into it."*

As illustrated, when successful, the *Rapprochement* pattern of engagement directly increased the plausibility of the evaluated ventures' emerging identities, or, made the *im*plausibility of the new venture's hybrid identity clearer, helping the Firm to avoid an investment in a venture in which hybridity would not be sustainable. The graph in the following figure (Figure 34) demonstrates how the Firm conducts social motivation due diligence on evaluated venture A in order to gauge the venture's orientation towards outcomes B_1 and B_2, which prioritize commercial outcomes over social outcomes. Successful cases inform the Firm not to invest in these cases or lead the Firm to discover an investable prospect (outcome B_3).

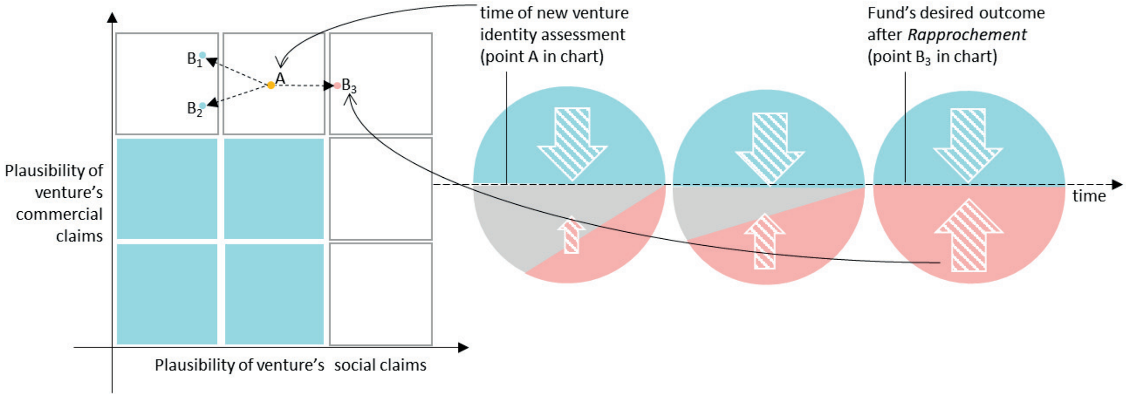


Figure 34: Visual conceptualization of the impact of Rapprochement Strategy on venture identity claims

Tinkering Strategy: under-the-hood revenue model intervention. The *Tinkering Strategy* appears at first to be a mirror image of the *Rapprochement Strategy.* While *Rapprochement* intervenes at the founder level, relies on the Firm's soft skills and takes time, *Tinkering* appears to intervene at the revenue model level, and rely on the social network and technical skills of the Firm. Finally, *Tinkering* is always more urgent in nature, involving a rapid sequence of communication and tests (iterations) under time pressure (usually the venture's funding deadline). The patterns of decisions we observed included: research and analysis, proposing changes in commercialization strategy, pricing, distribution; monitoring market response to venture changes; providing operational support; and network outreach (connecting to experts, partners and distributors).

The Firm appeared more at ease with these tasks than those in *Rapprochement*, likely due to the objective cover that the market-related nature of these tasks provided (in the case of *Rapprochement*, the subjective and personal nature of the evaluation is more apparent). In an interview with a co-founder of the Firm, he says,

> "*Of course, we can on the margin, through our example and work, affect integrity, but we can affect the impact [business] model much more […] because then it becomes a commercial discussion. It's less of a values-based discussion. People respond to commercial incentives much more easily and readily than they do to what I have to say about their character*" (SVC1)

However, despite the objective, technical cover of this strategy, soft skills are also crucial to its execution. *Tinkering* relies on a baseline assessment of the founder's disposition, including their commitment to executing social mission; their flexibility around methods to achieve the social goal; their willingness and ability to consider, improve and implement proposed changes; and the relationship between venture and fund. SVC4 gave his perspective on the founder disposition required,

> *"I mean you wouldn't get that with every entrepreneur, like. someone's trying to tell you that 'you're an idiot and you're wrong and that's not how it works' but he was like 'Okay this is actually really interesting' on the part of the entrepreneur. […] I challenged him on a new model that I'd worked on, he took it and redid over a weekend and then I took it over the following weekend and redid it. We basically went back and forth a few times."*

Moreover, *Tinkering* relies on the Firm's ability to look past the current plausibility of the venture's claim and believe in the possibility of a more plausible venture claim. As mentioned in the introduction of our study, when discussing reasons why one of the analyst decided to join the Firm, she said,

> *"What I liked about SVC1 is that he still maintained some margin of doubt… Like, if he really likes the entrepreneur but the business model is not robust, he would still bet on the venture and say, 'let's see if we can help him, let's see if we can make it more investible.' And if that's the case, we'll take it forward, whereas I think most of the people, or maybe the people that I am used to, they're not very visionary. Yes, so maybe visionary is a good way to summarize that.*

The SVC engaged in *Tinkering* when ventures were assessed as having *moderately* plausible commercial claims and *highly* plausible social claims, and which exhibited at least *moderate* plausibility in terms of venture-fund fit. These ventures that were clearly passionate about a social problem, but lacked general business know-how, particularly around how to price and distribute their offer. These ventures needed help finding a commercial model that worked in conjunction with their mission, and at times, also needed support in execution. For the Firm, they viewed this as "an exercise in lateral thinking" (SVC1, Interview).

When successful, *Tinkering* increased the plausibility of the evaluated ventures' emerging identities and co-created an investment opportunity for the venture and the SVC. When unsuccessful, the Firm withdrew their engagement, lost[112] investment opportunities, and may have harmed the fundraising prospects of evaluated ventures. Interestingly, when unsuccessful, the outcomes of *Tinkering* were particularly regretful because the Firm shared in the venture's failure to identify compatible revenue models for important social missions. Below, we provide examples of each outcome.

[112] Usually due to circumstantial reasons, but at times, due to their desire to apply for funding elsewhere.

In the case of Oak, the Firm's successful execution was enabled, first, by the Firm's iterative approach to decision-making (i.e., revisiting venture decisions multiple times), but also by the venture's hybridity-reinforcing founder dispositions and its flexible fundraising timeline (which gave the Firm time to help the venture iterate and see results). The social and commercial claims of this venture, which pairs qualified doctors with patients seeking at-home care, received *moderate* claims of plausibility initially, as indicated in the IC minutes,

> *"-Not clear how to measure impact.*
> *-Where are the [doctor's] hours coming from? [Free time?]*
> *-What is competitive advantage? Test the competition.*
> *-Is this interesting impact model?*
> *-Right market size and opportunity?*
> *-How much of a pain point are they solving for [doctor's] admin [needs]? Interview doctors."*

However, these notes also suggest key steps the Firm could take to substantiate the venture's claims. As the investment decision progressed, the investment decision hit more roadblocks, but the Firm persisted given the potential that they saw. SVC1 describes motivating his team to pursue ventures with less plausible claims,

> *"I'm not very good at it, but [rather] than me going, 'No, no, no. I think X, Y, Z is why you're wrong…' More like taking a problem-solving perspective, 'Ok, so SVC4, I get it. You really don't like that. What would you need to see happen for that to be better?*
> *In Oak's case, we had a real issue on the price point. [We asked,] 'What do you need to make it better?' and the response was we need to make the price point lower. Let's work on what that price point needs to be and how can we get there" (SVC1).*

SVC4 also gave his perspective in a separate interview,

> *"I wasn't convinced and SVC1 sort of challenged me to say what is it that doesn't make this interesting to you? I said, 'I think it's very expensive and I don't think it has a lot of impact,' these kinds of points and he sort of said 'Well okay can you make it investible?' [It's] an interesting business and I think they're nice guys and it's a nice team but I didn't think the business was really exciting. I think he was just like 'Well all I hear from you is you don't like the model so what would you want the model to look like?'*

SVC4 then, in conjunction with the venture founder, simulated which markets the venture would need to enter, and at which price points, in order to reach available doctors, incentivize them, meet patient demand, and fund the venture's growth. The founder successfully implemented this new model and they continued to monitor the effects. We overheard one conversation soon after this intervention,

> *"[to SVC4] We should really back these guys, right now. It's getting at a point where---"* (SVC3);
> *"It's hockey-sticking right now"* (SVC4)

In the fundraising document they drafted on Oak, they wrote,

> *"Since [Oak's first presentation, we] have worked closely to refine the proposition which has resulted in 335% growth in appointments since February (now a total of 68) and 20% growth in downloads (now a total of 2,847)."*

This case shows how significant *Tinkering* is as a strategy for the SVC, as it let the Firm to access an investment opportunity where there was none before. As shown in Figure 35, a visual conceptualization of the Firm's *Tinkering Strategy,* whereas Oak may have initially inhabited point C in following the Firm's engagement with Oak, its plausibility moved to point D, an area of attractive and investable ventures—making Oak attractive and investible.

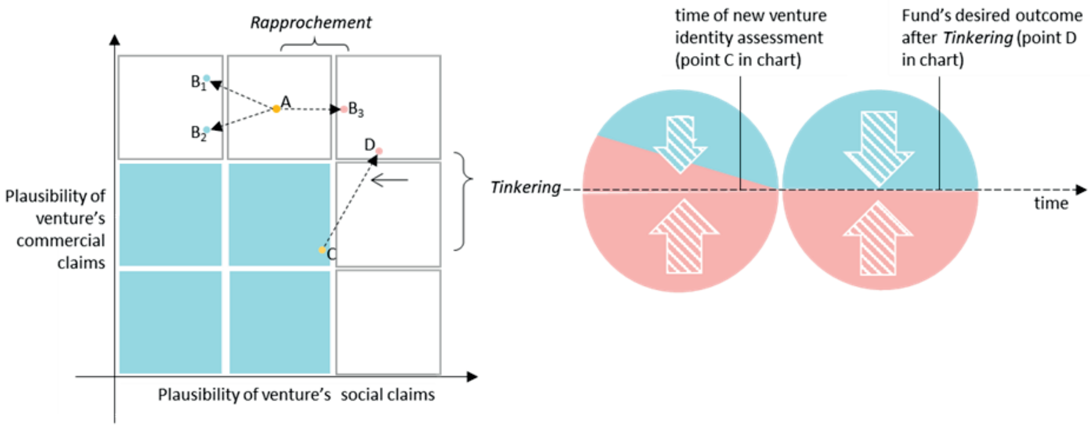


Figure 35: Visual conceptualization of the impact of Rapprochement and Tinkering Strategy on venture identity claims

This data raises questions about what it means to evaluate an investment opportunity as an objective opportunity that exists in the world. Has the Firm has co-created this opportunity with the venture, or has it simply made the path between the venture's current state and the venture's identity claims clearer? In the latter case, *Rapprochement* and *Tinkering* could be considered evaluation strategies that allow the Firm and venture to "stress test" an investment's identity claims. As SVC1 said in an interview,

> *"I wanted to really exhaust our ability to try... You have this great idea so you want to try and really help that idea get off the ground. [It's] an exercise in lateral thinking. You have to think out of the box. And that takes a bit of time, you have to talk through things several times, and it's not good because it means the feedback loop gets long and people get the wrong message, and they're like, "You guys aren't giving us due attention." [There's] a tension there. We have to get back [to the venture] reasonably quickly, but we also have to give things due attention.*

Yet, while these interventions are sometimes successful, often, despite the best efforts on behalf of the venture and the SVC, this strategy fails. In the case of one venture tackling behavioral change (#1241), the Firm assessed the venture's social claims as *highly* plausible, while its commercial claims were assessed as having *low* plausibility. Given this lukewarm assessment, SVC4 engaged with the venture, proposing a strategic change the venture could take to improve the plausibility of its commercial claims,

> *"I thought that [the venture] could be interesting if they pivoted. But not so much that I would back and bat for them no matter what. […] Someone who is looking at this from an investable standpoint would say, 'this is uninvestable for me, because of these reasons, but maybe if you can do this pivot and maybe incorporate my feedback, this may become investable. But right now, it is not investable.'"*

However, in this case, the venture did not effectively execute the pivot, causing the Firm to withdraw their engagement. This action potentially also jeopardized the venture's ability to fundraise elsewhere, as we discuss in the following section. The Firm's letter informing the venture of their decision reads as follows,

> *"The team liked many aspects of the business specifically the impact you are having by changing people's day-to-day behavior for the good, and your traction to date is impressive. However, the team were unable to get comfortable with the following:*
> *1). The business' ability to pivot to a new revenue model and the short time frame that we have to see the necessary traction.*
> *2). Whilst we (and I) personally think you are very impressive, we struggled with the ability of the current team to execute efficiently and accurately on this pivot.*

Therefore, it is with a very heavy heart that I have to tell you that [our fund] will not be investing in [#1241] in this round. I fully understand how disappointing this must be for you, and that you need time to digest this; however when you are ready I am more than happy to provide more detailed feedback.
We really are rooting you for to be successful, and I hope we can keep in contact."

The founder replied,

> *"Thank you for letting me know promptly. Clearly this is disappointing news for us, but I can honestly say that the changes you have instigated through our conversations thus far could have a pretty transformational impact on [our venture], so I am glad we at least got this far. I just wish that timeframes weren't as they are."*

While in this case, the Firm viewed the venture as largely responsible for a not being able to further substantiate its commercial identity claims, in the following case, the Firm also felt responsible for the failure its *Tinkering* efforts. In the following interview, SVC1 refers to a venture offering a solution to an urban environmental issue (#773),

> *"Very often there it doesn't connect with the network. We can't find the right connections. That happens the whole time. Pretty much every IC there's some venture where we haven't been able to create that connection. That… One of the ventures this week where… we've been in and out with them, discussing quite a lot, and we haven't found a distribution model for them… because they don't have one.*
>
> *I feel like he's at the Beta Max/VHS moment where he's got a great idea. Everyone understands that there's probably going to be a lot more of this stuff around. […] But can he get it to market? The VHS beat Beta Max, even though Beta Max is way better, because VHS got to market. We don't have an answer for how we can help him get to market, and he doesn't either yet right now."*

After spending nearly five months considering the venture's initial proposal, the Firm eventually had to withdraw their engagement, informing the venture of their decision by email,

> *"We could not get comfortable with the business' ability to create the robust, multi-faceted and highly scalable distribution channel that we look for in potential investments. This appears to us to be systemic within the industry (except for business' delivering huge*

quantities of materials / goods) and not idiosyncratic to your proposition.

In addition, the long sales cycles associated with this industry presents a further headwind to the [venture] business, as cash flow management will likely present a real challenge.

Therefore it is truly with sadness that we have to inform you that [our fund] will not be investing in this round of funding. The team felt that it was important to provide clarity around this now, as we fully understand that the time horizon[113] *for you is very short. I am of course available to discuss this feedback with you if you feel that would be beneficial in some way."*

In this section we illustrated strategies applied by the Firm when ventures were assessed as having *moderate-high* pairings of commercial and social claim plausibility. We illustrated how these strategies shaped the plausibility of the evaluated ventures' emerging social and commercial identities for the Firm, and for the venture itself. When successful, the strategies indicated to the Firm whether or not to pursue an investment, sometimes even directing the Firm towards an investment not previously available prior to their engagement strategies, but which *emerged* (e.g., through co-creation).[114] Together, the Rapprochement Strategy and Tinkering Strategy are unique because they provide examples of what the literature calls "smart money" as well as, what call smart "heart money." With their expertise and connections, the Firm actively tries to improve the claims of ventures upwards on along both the commercial plausibility *and* across on the social plausibility. Finally, another distinctive factor we observe is that the SVC conducts these two strategies *prior* to making an investment decision.

However, in this section we also observed how failures led the Firm to withdraw its engagements, sometimes after multiple introductions to trusted contacts, and after many months of effort. On the other hand, sometimes the *venture* would withdraw its funding request, causing the Firm to lose the investment opportunity. Before we expand on the negative outcomes of the Firm's dualistic assessment of ventures, we introduce a third and final strategy used by the Firm to engage with ventures.

Identity-buffering Strategy: "Be as helpful as possible." In this section we introduce the third and final hybridity shaping strategy that we observed the Firm applying to ventures (out of five total venture

[113] The founder was considering quitting his job and relied on the Firm to indicate whether funding would be available for his entrepreneurial pursuit.
[114] We remain agnostic as to whether the investment opportunity was actually co-created or whether co-creation simply refers to the venture and SVC's ability to recognize the opportunity.

engagement strategies. *Helping* was applied to ventures with social-commercial plausibility that was *low-moderate, moderate-moderate,* and *high-low.* This strategy consisted of providing detailed feedback to rejected ventures, helping and connecting rejected ventures to potential partners and resource providers, mentoring and staying in touch with aspiring entrepreneurs with very early-stage ideas (including by partnering with educational institutes).

While the last two hybridity-shaping strategies involve urgent and intense engagement and were intended to push ventures' identity claims towards the top-right corner of the social-commercial quadrant (*high-high*), this last strategy is less urgent, low-intensity, and were only intended to push the venture upwards. These ventures typically did not solve a social problem deemed to be significant enough, did not address a market which is large enough, did not have a hybridity-reinforcing business model, or was too early-stage.

While the Firm did not expect to create an investment opportunity from these ventures, they still wished to build rapport, and gained indirect investment- and non-investment-related benefits from this strategy. Most importantly, our data suggests that these strategies helped the Firm to reinforce its own hybrid self-concept in a context that demanded many commercial-identity-dominant actions.

The Firm's employee handbook contained six key values and guiding principles, many of which were reflected in its interactions with ventures,

> ***"Stay Humble*** *We are only successful through reliance on others with talents far greater than our own.*
> ***Be grateful*** *We express thanks in many ways, and constantly.*
> ***See strength in weakness*** *A perceived weakness masks a greater strength. We seek those strengths.*
> ***Be kind and respectful*** *To everyone, always. We do not talk down to anyone.*
> ***Maintain our integrity*** *We think holistically about our actions, the ventures we invest in, and the bigger picture. We do not take short cuts that cause harm down the road.*
> ***Function as a meritocracy*** *We reward results and operate fairly on this basis.*
> ***Exhibit excellence in all that we do*** *Work products are high quality. We set ambitious goals, strive to meet them, and reflect on results. We strive to keep ourselves current on information, to be curious and dig deeper, and to seek data and expert opinion to validate hypotheses."* (Handbook, Internal document)

We refer to the opening paragraphs of excerpts of the venture correspondence we included above,

> *"Dear [founder],*
> *I hope you are well, and thank you for your email in regards to your [recent] trip which all sounds very exciting. I firstly want to say how great it has been to get to know you and learn more about the [venture] story"* (1241, Venture correspondence);

> *"Dear [founder],*
> *I hope you're well. Firstly, I really want to thank you for sharing your vision with us and your incredible patience throughout this process, it really does seem like yesterday that you came in to meet SVC1 for the first time. The passion and commitment that you have for this project is truly inspirational and we feel very privileged to have spent time with you"* (773, Venture correspondence).

In addition to providing detailed and dignified feedback to rejected ventures with which the Firm had begun to build a rapport, the Firm also invested efforts into helping and connecting ventures with which the Firm had had minimal prior interaction. The Firm implemented a short hand in their note-taking and calendar system which reminded them to reach out to ventures with which they had decided to "keep in touch," or "keep in close touch," or "keep in very close touch" on a monthly or bi-monthly basis.[115]

> *"Offered to connect to [contact]. No other action at this time."* (150, IC Minutes)
> *"Check with [contact] and [Dart] to connect with [investor]"* (504, IC Minutes)
> *"SVC3 to connect with A2's friend in [city]"* (454, IC Minutes)
> *"On 28/5 [our] team decided [to take] no further direct action beyond:*
> *- SVC4 connected to [company] and A1 to get feedback from [her] friends.*
> *- SVC1 and SVC2 connected to [contact] and [Hotel C292] positive feedback from [contact's hotel] (will connect with Bus Dev dept)"*
> (1138, Venture Database)

We enclose exemplary data of the Firm's efforts to help recently met founders in the following table (Table 35), including efforts to connect

[115] These "stay in touch" statuses differed from "slow no" in which the Firm delayed an investment decision, e.g., "Not fully pass - keep making introductions." (80, Venture Database).

ventures to potential partners and resource providers, as well as mentoring efforts for entrepreneurs with very early-stage ideas.

<table>
<tr><th>Conceptual category</th><th>Empirical Themes</th><th>Exemplary data[116]</th></tr>
<tr><td>Identity plausibility shaping strategies (social claims)</td><td>Rapprochement
Social motivation due diligence</td><td>Meeting with founder in order to assess social motivation and openness to social cause

Proposing changes in targeted market

- Pass for us due to impact, but also ask the founder around expanding to other areas of financial literacy. (114, IC Minutes)
- I would like to meet them, their focus on the accessibility market would need to be core in order for me to consider this going forward from an impact perspective. (529, Pre-IC Poll)
- Is there a much bigger, broader application of this purification system for developing markets as part of their strategy and within a reasonable timeframe? (SVC2); The high price point means the potential impact is limited, as only the most affluent people will be able to afford the product. (SVC4) (1243, Pre-IC Poll)

Directing attention to beneficiaries

- [Captain, our portfolio company] is like that. When we first met […] they were selling geolocation to [music] festivals. We were like, ‘Listen, go to Bangladesh. Go to the Middle East. Go to favelas. That's where they need it.’ (Captain, Interview)

Forming a rapport with founder, socializing founder to social causes over a longer period of time

- I think [the founder of venture 341 has] genuinely become more mission-driven as he's come along. I think he might have been affected by us sitting right next to him and giving him a sense of license to talk more about that stuff. More and more people talk about impact. He's commercial about it too. That's great. (341, Interview)
- I mean, look at how founder’s language. He’s really, you know, he’s really. I think he’s been really, taken by his interaction with us. And I see in his rhetoric, you know, I’ve seen the language in his deck! It’s all changed quite a lot, and I, don’t think actually when it comes to impact that it is that related to the size of our stake. (341, IC Transcript)
- If you think about with [Captain], we were never… we were tiny… tiny… [in terms of our investment stake]. And I think we've had a huge, outsize impact vs. the size of our investment. And we've been a real advocate for impact. You know, if you look at all their language, it’s changed radically over the past few years” (Captain, IC Transcript)
- You can say, ‘Hey, have you thought about it this way? You have that relationship outside. (Captain, IC Transcript)
- We’ve always been about relationships, there’s a… it’s organic, whereas, like, obviously there is power in a bigger stake, but power is not really going to make people genuinely care about impact. They care about impact if they’re led by your vision of it, not necessarily by how much money you put it into it.” (Captain, IC Transcript)</td></tr>
<tr><td>Identity plausibility shaping strategies (commercial claims)</td><td>Tinkering
SVC’s efforts to improve commercial model</td><td>Proposing changes in commercialization strategy, pricing, distribution

- “‘this is uninvestable for me, because of these reasons, but maybe if you can do this pivot and maybe incorporate my feedback, this may become investable. But right now, it is not investable’” (1241, Interview)

Monitoring market response to venture changes</td></tr>
</table>

[116] All are direct quotes; each number refers to a different investment proposal.

		- “[to SVC4] We should really back these guys, right now. It’s getting at a point where---” (SVC3) “It’s hockey-sticking right now” (SVC4) (Oak, Fieldnotes) - “the team were unable to get comfortable with the following: 1). The business' ability to pivot to a new revenue model and the short time frame that we have to see the necessary traction” (1241, Venture correspondence) **Providing operational support** - Today I got a call from the [Dart] ladies [saying] I just got out of our meeting with our lawyer, where you were not supposed to be present, here are the notes, can you please explain them to me? (Dart, Fieldnotes) **Connecting to experts, partners and distributors** - Met with [founder] a couple times last week. Breakdown: very early still. Sent across revised business plan. Next steps are [A2] and [F-1116] are meeting 23/3 prior to [pitching event]. Need to walk through all assumptions following meeting with [contact] (supply chain at [major retailer]). A2 met with [major retailer] and founder. (984, IC Minutes) **Rapid sequence of communication and tests (iterating) under time pressure** - I challenged him on a new model that I'd worked on, he took it and redid over a weekend and then I took it over the following weekend and redid it. We basically went back and forth a few times. (Oak, Interview)
Identity plausibility shaping strategies (early venture evolution)	***Be helpful*** *SVC’s efforts to improve general plausibility of rejected ventures*	**Providing detailed feedback to rejected ventures** - After reviewing the materials, we've decided that [our fund] will not be pursuing an investment at this time. I understand this may be disappointing to hear, but I though[t] I'd share some of our thoughts with the view of being helpful. While we find the proposition intriguing (from both an educational[/]economic inclusion and commercial/corporate perspective), we had concerns around the following points: [1] Scaling content creation and how this evolves over time. I note that the ongoing discussion with the [Accountants Association] is intriguing, especially with how they've agreed to create their own "quiz" content. However, I'd like to better understand how the platform aims to utilize either technology or expand to other partners to create an evolving set of engaging content. [2] On the client side, we'd like to see further development and testing with universities or corporates in how they would potentially incorporate the [venture] platform into existing training/outreach programs. (620, venture correspondence) - “As we are quite early in our fundraising, if you would be willing to share areas of improvement or things you think other investors may get caught up on, I'd love to hear it. I can take criticism, and won't hold it against you! I understand this would take some of your time and thought, but would really appreciate it.” “Absolutely no problem and I hope the below is helpful but please do take with a pinch of salt. I say this as there is no formula for fund raising successfully but these are the general points that we would have pushed you further on: Existing Slides: Distribution: - Slide 12 is not detailed enough for a distribution strategy - it shows that you have a willing potential audience but not how you are going to convince them to part with their money. -I wonder if you would be better off reversing your staging of distribution? Retailers such as […] etc. are trusted by mothers but you are an unknown quantity - perhaps piggybacking on the credibility of these larger retailers will help your sales. Traction: - p8 is interesting but obviously anecdotal - can you get people to sign up for a waiting list for the product? This will show investors that you have early traction and people want the product.

Competitive Landscape:
- As an initial slide on competition p11 assumes some level of knowledge of the market that most investors will most likely not have - I would use a 2x2 matrix putting [your venture] in the top right box.
Raise:
- This is an aggressive raise target given your stage - what would a raise look like if you were only going to build a working prototype? Potentially you could then get some interest from wholesalers, which would make your next (larger) raise more attractive.
Team:
- The team page is impressive (p9) but your professional / academic backgrounds do not really jump off the page - maybe see how logos work instead?
Missing Slides:
Why Now:
- Draw analogies with the broader wearable market. Really show investors that now is the time to do this.
UX:
- Really breakdown my experience of the product as a user - i.e. I buy the product, then what?
Why Are You Doing This:
- On your team page you show all your academic achievements but you are a mother and solving a problem that effects you [sic] - make more of this.

I realise [sic] that this looks like a lot of negative feedback, but I can honestly say that this is one of the more interesting concepts and better quality decks that I have seen - however, as I said this just isn't a fit for us. I hope that this helps you on your ongoing fundraise and we are of course rooting for you to be successful!" (1273, Venture correspondence)

Helping and connecting rejected ventures to potential partners and resource providers

- Process of creating "badges" remains pretty much the same. Could [an] MBA [intern] help here? No active work - keep eye out for relevant MBA/interns. SVC1 to get back to her on not investing. SVC1 to stay in touch. (1338, IC Meeting Notes)
- Offered to connect to [contact]. No other action at this time. (150, IC Minutes)
- Check with [contact] and [Dart] to connect with [investor] (504, IC Minutes)
- SVC3 to connect with A2's friend in [city] (454, IC Minutes)
- Passed at initial [Investment Committee meeting] – provide feedbacka [sic] and stay in touch (2 months from now) (1351, Venture Database)
- Met [founders] on 5/8: Interesting what they're building but quite early. Connected to [contact] and will stay in touch once/month. (315, Venture Database)
- Not a fit – to provide feedback and stay in touch. (1346, Venture Database)
- "On 28/5 [our] team decided [to take] no further direct action beyond:
  - SVC4 connected to [company] and A1 to get feedback from [her] friends.
  - SVC1 and SVC2 connected to [contact] and [Hotel C292] positive feedback from [contact's hotel] (will connect with Bus Dev dept)" (1138, Venture Database)

Mentoring and staying in touch with aspiring entrepreneurs with very early-stage ideas (including by partnering with educational institutes).

- Hope you have had a good weekend. I have attached a summary of what [our venture] has achieved and some future projections." "Great - looking forward to discussing later." "Thank you so much for you yesterday evening. It was very kind of you and we were both very grateful for the advice you offered. We have started working on the presentation and will send you a copy when we have reduced it to 25words per slide." "Absolutely no problem [founder] - I look forward to seeing an updated version!" "I was just wondering if I could take up your offer of some constructive criticism/ advice on the investor deck that we have put

		together. We have tried to play by the rules that you set about 25 words and 20 slides. Any feedback would be greatly received." "I am so very sorry that I have taken so long to reply. This is a really excellent deck - I am very impressed. Might it be good for you to come in and discuss this further with SVC3 (one of my colleagues) and myself?" (1567, Venture correspondence) - She was one of our [interns]. Not for us, but just trying to help her. (88, Interview) - Too early? [But] how can we help. (673, IC Minutes) - SVC3 and SVC4 met with [founders]. Venture is still idea stage. (221, Venture database) - SVC3 and SVC4 had initial meeting […] too early: will stay in touch given compelling pedigree of founder. (195, Venture database)

Table 35: Conceptual categories, empirical themes and exemplary data on identity-shaping strategies

A Variance Model of Hybrid-Identity-Shaping Strategies and Implications for Investment Outcomes

In the previous section, we presented data on the nature and outcomes related to the patterns in streams of decisions that we observed in the SVC's investment evaluation processes. We present our variance model in Figure 36, below. The model illustrates how different types of new venture identity assessments lead to five different engagement strategies on behalf of the SVC. These SVC strategies help confront aspects of the new venture's identity claims to different aspects of the market, which aid both the venture and the Firm in evaluating the plausibility of the new venture's overall identity.

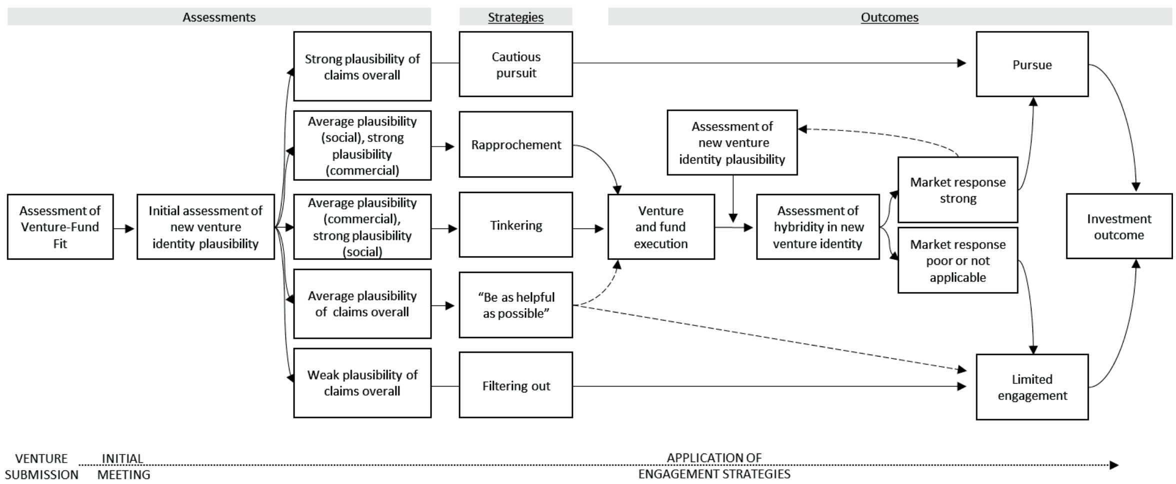


Figure 36: Variance model of hybridity evaluation and shaping strategies applied to new ventures[117]

Negative Externalities of Hybrid-Identity-Shaping Strategies

As shown in the previous section, the prior hybridity-shaping strategies sometimes resulted in a pursuable venture investment opportunity, however, a VC's pursuit does not guarantee an investment

[117] See also: Table 37 summarizing patterns of engagement.

deal. Despite the best efforts on behalf of the venture and the SVC, these strategies had high failure rates. Combined with the deviation of this strategy from the norm of early-stage investing (i.e., only engaging with ventures *post*-investment decision), failures of these strategies to deliver on the Firm's desired outcomes can incur costs, including emotional costs.

In this section, we revisit the negative and unintended consequences of prior strategies and the Firm's duality in general. The negative and unintended consequences of prior strategies include the time investment required to execute these strategies in the context of limited SVC capacity and venture patience, and the emotional cost of failure. We illustrate how the costs incurred from the failure of hybridity-shaping strategies are not necessarily a result of the strategies themselves, but a larger illustration of the drawbacks of identity duality.

Emotional costs of hybridity-shaping strategies: generating false hope. For example, in the previous section we introduced a failed case of *Tinkering,* where one venture tackling behavioral change was assessed as lukewarm by the Firm and encouraged to pursue a strategic change that might improve the plausibility of its commercial claims (#1241). However, when the venture was unable to successfully execute on the pivot, the Firm later expressed regret, worried that the Firm's engagement sent a message of false hope that jeopardized the venture's fundraising outcomes. We observed the following exchange in which he sought help from his colleagues to reconcile the contrasting demands of the Firm's social identity (the pressure to help founders with their venture) and commercial identities (the pressure to find investable deals).

> *"I think we should try to work out… Like… is helping a company sending a false message?" (SVC4) […];*
> *"I don't think so. I think we are genuinely helping… um,* as *we figure out whether or not we are going to [invest]. I think it is actually helpful. Is it a waste of time for us?" (SVC3);*
> *"But it's a waste of time for them! Like… are they like reading this as "we're really interested"? […] Like when we have a venture meeting, […] let's say it goes bad, for example. For us, that was just another meeting. Just, like, we took another meeting, right? But for them, that was the meeting that they probably spent* ages *prepping for, so we probably end up with an asymmetry between, like, expectations. […] Do we end up—because* they *don't know that we're just trying to be helpful… The message isn't there. What we're really saying is 'We really like you guys, we really want to make this work'. […] When we say that we just want to help, like are we actually, being hugely negative? Are we actually having… Are we not being helpful? Because if we're not truly committed to the deal, should we say that we're not truly committed to the deal? […]*

Long-term I think that this would be a helpful pivot for them, but do they waste too much time trying to help us – trying to make this investable for us? […] So, should we do that? Right? Where we're actually trying to be helpful, but we actually *do more damage because they waste their time speaking to us where we* think *that this could be interesting to us, but we're not sure. [Then again,] I think that if we had started this conversation with 'I want to help you but we're never going to invest.' They would tell you, well, [screw] off then, why are you wasting my time? […]*

Moreover, the Firm's prosocial policy of accepting meetings with anyone, and of allowing ventures to continually revise and resubmit their investment proposals may have added to a venture's uncertainty on the true status of their proposal. SVC4 and SVC3 elaborate on the same case (#1241),

"With [this venture] it is a specific case because it was out of the pipeline[118] *and it came back" (SVC4);*
"It didn't really leave" (SVC3);
"It never really left. We kept on, like… It's difficult because some entrepreneurs are so persistent. They keep coming back. They keep coming back. So, they don't allow themselves to leave the pipeline. Which is good and bad" (SVC4);
"So, you are just feeling a bit of… pain?" (Researcher)
"Well, yeah, also because I know that their funding situation means that this basically goes to zero. They – they just go bankrupt" (SVC4).

Emotional costs of hybridity-shaping strategies: regular self-reflection and criticism. As indicated in the section above, the juxtaposition of helping a venture to improve its standing versus helping a venture to create an investible deal resonated with both the social and commercial identities of the firm (and the individual), causing minor inner conflict. Because of this the Firm member engaged in a 15-minute discussion to determine whether he was being truly being "helpful" or a hypocrite. However, although this type of conflict was never named, it reappeared in many of the Firm's decision-making processes, in the form of one member of the Firm challenging another, or, in the form of self-criticism. For example, when considering ventures, the Firm often stepped out of their commercial identity (concerned with whether being in or out of an investment was good for *them*) and into its social, relational and bigger picture identity (concerned with whether being in or out of an investment

[118] The SVC refers to the fact that the ventures were never fully removed from investment consideration. Even after an making investment decision, the founders returned with new propositions and the Firm continued to engage.

was good for the venture, and for society). In one IC meeting, we observed the following conversation,

> *"[Without us,] would our ventures get funding anyways?"* (SVC4)
> *"Good ventures would raise on their own. Perhaps people would have come in on their own, like [contact]."* (SVC1)
> *"What happens if we don't come in?"* (SVC4)

And again, in a separate IC meeting,

> *"It's a really interesting kind of philosophical question because your point… you know, should we … we should be investing while we have a bigger impact and where we're more needed… Some people would say that means you're going to make bad investments, because you're only getting involved in stuff that no one wants to get involved in but on the flip side, you can say, ok, look, the relationship that you create [with the venture], in being there at a very difficult time perhaps means that you've got a higher chance of success… You know, they're going to just love us for a long time because he's going to feel like we really, really ... We really helped…We won't necessarily create the same rapport with [a venture like 1329] potentially. It is this … there is tension there isn't there, for an impact investor? And I think A3 raised a really good point"* (SVC1).

The Firm's awareness of its own impact, as illustrated above, meant that they allocated less effort into pursuing ventures in the top right section of our plausibility graph. The area where the top third of the graph and the right third of the graph overlap were areas of interest for the Firm; ventures in this area were heavily pursued by the Firm; however, the highest section of this overlapping part (see Figure 25 and Table 34), were not heavily pursued. The reason being that these were extremely competitive deals, which would be filled by competent investors regardless.

Financial and emotional cost of dualistic organizing: non-reciprocal behavior and losing investment opportunities. In addition to the emotional discomfort that comes from walking away from a partially enticing opportunity and growing rapport with a founder, the Firm also suffered from the inverse. In a reflective document titled "Lessons Learned," prepared by SVC3 and SVC4 for an upcoming employee retreat, SVC3 wrote that following about a venture developing a high-tech solution for separating chemicals in water (#795),

> *"Venture decided to not take [VC] investment. We connected to grant making bodies, legal counsel, advice, connections to potential*

clients - we did a lot of work for a small check[119] *and no terms negotiated. -I'm personally ok with this last point."*

In this case, the Firm's application of the *Tinkering* did not lead to the loss of the venture. Moreover, the loss itself should not be as emotionally impactful. However, due to the Firm's non-transactional, community-oriented (pro)social identity, the non-reciprocal behavior stings. However, the Firm does not plan to change its behavior, noting "I'm personally ok with this last point."

The Firm struggled with the non-reciprocal attitude throughout the industry. In one conversation at their IC Meeting, SVC1 made a comment,

> *"One observation about the refugee thing. I mean everyone around Europe is trying to get a buck from out of the public entities is now suddenly a refugee expert. [At one fund] it's now becoming a focus, and now [another fund] has written this paper. […] A lot of social entities are trying to do stuff around the refugee crisis, because they're very aware that European Union is very open to opening its coffers for it.*
> *And you know, that's a cynical take of it, and you can take it for what it is, but obviously, [you have a crisis] and there is money floating around but it's not quite as open source as one would expect. Like I know that ... you know like when we […] say we want to [do something] for the refugee crisis, they give us an answer and I saw the answer, but it's actually a very unhelpful answer."* (SVC1)

Financial and emotional cost of dualistic organizing: losing attractive ventures due to need for plausibility on both axes. The Firm's need to substantiate both social and commercial venture identity claims required significant information exchange with ventures and significant time investment on both parts. We overheard the following exchange and stepped in,

> *"[to A3] We do so much work for our ventures compared to other venture [investment] firms"* (SVC1);
> *"Do you mean the events or the [investment] memos, SVC1?"* (Researcher);
> *"No, the memos, and at this stage in general, at this valuation... the amount of work that we do is a bit unusual"* (SVC1);
> *"Why do you so much work?"* (Researcher);
> *"That's the amount of work that we need to do to feel comfortable investing in these ventures… We think there's a gap, actually. We*

[119] The SVC refers to the potential of being offered a small investment ticket in the venture's fundraising round.

think that the reason that early-stage ventures are so poor is because the DD [Due Diligence] is so poor. But other firms don't do that much DD for early stage because the economics are not there. That's why we're trying to set up a model that works, with the member network. To do early stage you need a small fund, but if you have a small fund then the economics aren't there. So, the economics of members makes it possible. Well, it remains to be seen [if it works] but that's what we are trying to do." (SVC1)

While the extra work carried out by the Firm gave them and their angel network more confidence in each investment, there were drawbacks to the amount of due diligence carried out. For example, both the commercial and social claims of one venture, which offered a travel booking website targeted at individuals with disabilities, were viewed as moderately plausible by the Firm. A member of the co-founding team had left, a potential investor also withdrew their interest, and the Firm could not determine to what extent the venture's (pro)social identity claims fulfilled their requirements on the problem scope and measurability. We overheard the following internal exchange, led by SVC3 who was drafting memo as part of their early due diligence,

> *"Hey guys, what's a good KPI for measuring impact for [venture 214]?" (SVC3)*
> *"Number of trips booked? Trips would not have happened?" (A2); "Number of days travelled?"*
> *"The hard thing is would those days have happened otherwise without them? SVC4, do you have any ideas? Oh, I know! I have an idea. Look." (SVC3)*
> *"It's more around the number of people who would not be able to do so" (SVC4);*
> *"How about the number of people making trips who were not able to, like two years ago or something?" (A3) [...]*
> *"Ok. ok. We got this. It's weak. It's so weak. Ooh, what if I change this into, impact workshop scheduled?" (SVC3).*

As a result of the Firm's concerns and delay, the venture walked away, as revealed in friendly email correspondence between the venture and the Firm. The venture's reply referred to several contextual issues related to their decision to walk away, but they also mention the length and depth of the due diligence,

> *"I'm disappointed that we were not offered an allocation in the round alongside the other investors. Perhaps you could drop me a*

line this week to provide further context so that we can learn and improve as an investment firm for the future?" (SVC2).

"[I] felt the depth of the DD was something more suitable for larger investments in companies that have a much longer trading history and who have validated many more assumptions. Also, I was concerned that we've been speaking about investment since early January - and while I know you've invited me to [your private pitching event] I didn't feel confident that any investment could be turned around / done with the speed I'm looking for.

Essentially, I think you may need to explore two separate investment processes. One for genuine high risk / seed stage / pre-revenue companies with a couple of team members (and that can be turned around in less than a month) and another for larger Series A style investments where an in-depth DD process can actually discover something useful. […] to be honest, in my experience with all the investors I've worked with over the years; most successful seed stage investments just involve backing one or two founders that 1) know how to build things 2) have some early customer validation; and 3) have genuine domain expertise / customer insight; along with hope that it turns out for the best - and that any further attempt at de-risking tends to provide an illusory level of security."

17 months later, the venture ended up being acquired by a major actor in the travel and lodging industry looking to diversify its travel offers. Viewing this sequence of events from a commercial perspective, the Firm suffered an economic loss. Moreover, their surprise indicated the emotional cost, and being caught between two identities makes these losses painful. However, the Firm's behavior here is true to the patterns that we have observed as being driven by their dual identity. Their internal reaction to losing the initial investment deal,

"I don't think we should ever give money to 'smart' guys who want to play […] We can't / shouldn't compete for deals with people who throw money at the wall and see what sticks, and I think this response affirms a lot of the points we feared about [the founder]" (SV4);

"I TOTALLY agree SVC4!! We led a robust DD process and this is the right outcome for us I'm sure." (SVC1)

"Well done guys. We made the right call" (SVC2).

Financial and emotional cost of dualistic organizing: additional pressures due to more tasks and limited fund capacity. In addition to regularly reaching out to ventures that were low-priority investment targets, the Firm also had a policy of never turning anyone away. While this did not *directly* challenge their commercial ambitions, or their value to "Exhibit excellence in all that we do" (Handbook, Internal documents), it did contribute to feelings of being overwhelmed across members of the Firm. In the following conversation, an analyst checks with SVC3 before writing back to an email,

> *"SVC3, what do I do if people want to meet me? Do I say no, I'm too busy?"* (A3)
> *"No, you have to meet them… you have to meet them… You have to meet every venture that wants to meet us"* (SVC3)
> *"Ok*." (A3)

While this conversation was with an analyst who had been with the Firm for five months, we overhead variants of the following conversation from members of the team. After a day of back-to-back meetings, and a semblance of high productivity, SVC4 would sometimes exclaim,

> *"I haven't done any work today! Any. Work."* (SVC4)
> *"Me neither."* (SVC3)
> "*What kind of work did you need to do?" (Researcher*);
> *"A lot of work. Stuff for our ventures, introductions, [financial] modeling"* (SVC4);

Another member of the Firm disclosed to us, "Every time I feel like I'm ok, SVC2 and SVC1 add on more things." Moreover, this limited capacity combined with the demands of the Firm's portfolio companies led to the feeling of scarcity,

> *"There's a lot of ventures on the table right now. I'm just trying to close them out, it's just tiring, just a lot of other stuff going on. Like, Mammoth, we're going to have to raise sooner than we thought they were going to. […] There's probably the most ventures that we've been serious about for some time. At least for me, there's three I would probably do if we had the capital.*[120] *It's a bit like as going through a clothes shop, and being told that you can only take one or two when you've got like four or five in the shopping basket. It's a problem that everyone faces because obviously you have finite capital, but yeah, it sucks"* (SVC4)

Due to the *moderate* plausibility of a hybrid investment opportunity, and the high plausibility of the venture's social claims, the Firm would engage with the venture multiple times in a short period to help the venture

[120] The SVC was fundraising for its own fund at the time.

substantiate its commercial claims. The following table (Table 36) summarized exemplary data of negative externalities associated with hybrid identity-shaping strategies.

Conceptual category	*Emplirical themes*	**Exemplary data[121]**
Negative externalities of hybrid identity-shaping strategies	***Emotional and financial costs of dualistic approach***	**Emotional costs of hybridity-shaping strategies: generating false hope** - “I think we should try to work out… Like… is helping a company sending a false message?” (SVC4) […]; “I don’t think so. I think we are genuinely helping… um, as we figure out whether or not we are going to [invest]. I think it is actually helpful. Is it a waste of time for us?” (SVC3); “But it’s a waste of time for them! Like… are they like reading this as “we’re really interested”? […] Like when we have a venture meeting, […] let’s say it goes bad, for example. For us, that was just another meeting. Just, like, we took another meeting, right? But for them, that was the meeting that they probably spent ages prepping for, so we probably end up with an asymmetry between, like, expectations. […] Do we end up—because they don’t know that we’re just trying to be helpful… The message isn’t there. What we’re really saying is ‘We really like you guys, we really want to make this work’. […] When we say that we just want to help, like are we actually, being hugely negative? Are we actually having… Are we not being helpful? Because if we’re not truly committed to the deal, should we say that we’re not truly committed to the deal? […] Long-term I think that this would be a helpful pivot for them, but do they waste too much time trying to help us – trying to make this investable for us? […] So, should we do that? Right? Where we’re actually trying to be helpful, but we actually do more damage because they waste their time speaking to us where we think that this could be interesting to us, but we’re not sure. [Then again,] I think that if we had started this conversation with ‘I want to help you but we’re never going to invest.’ They would tell you, well, [screw] off then, why are you wasting my time? […] - “With [this venture] it is a specific case because it was out of the pipeline and it came back” (SVC4); “It didn’t really leave” (SVC3); “It never really left. We kept on, like… It’s difficult because some entrepreneurs are so persistent. They keep coming back. They keep coming back. So, they don’t allow themselves to leave the pipeline. Which is good and bad” (SVC4); “So, you are just feeling a bit of… pain?” (Researcher) “Well, yeah, also because I know that their funding situation means that this basically goes to zero. They – they just go bankrupt” (SVC4). **Emotional costs of hybridity-shaping strategies: regular self-reflection and criticism** - “[Without us,] would our ventures get funding anyways?” (SVC4) “Good ventures would raise on their own. Perhaps people would have come in on their own, like [contact].” (SVC1) “What happens if we don't come in?” (SVC4) - “It's a really interesting kind of philosophical question because your point… you know, should we … we should be investing while we have a bigger impact and where we're more needed… Some people would say that means you're going to make bad investments, because you’re only getting involved in stuff that no one wants to get involved in but on the flip side, you can say, ok, look, the relationship that you create [with the venture], in being there at a very difficult time perhaps means that you've got a higher chance of success… You know, they’re going to just love us for a long time because he's going to feel like we really, really ... We really helped…We won't necessarily create the same rapport with [a venture like 1329] potentially. It is this … there is tension there isn’t there, for an impact investor? And I think A3 raised a really good point” (SVC1).

[121] All are direct quotes, each number refers to a different investment proposal.

		Financial and emotional cost of dualistic organizing: non-reciprocal behavior and losing investment opportunities - "Venture decided to not take [VC] investment. We connected to grant making bodies, legal counsel, advice, connections to potential clients - we did a lot of work for a small check and no terms negotiated. -I'm personally ok with this last point." - "One observation about the refugee thing. I mean everyone around Europe is trying to get a buck from out of the public entities is now suddenly a refugee expert. [At one fund] it's now becoming a focus, and now [another fund] has written this paper. […] A lot of social entities are trying to do stuff around the refugee crisis, because they're very aware that European Union is very open to opening its coffers for it. And you know, that's a cynical take of it, and you can take it for what it is, but obviously, [you have a crisis] and there is money floating around but it's not quite as open source as one would expect. Like I know that ... you know like when we […] say we want to [do something] for the refugee crisis, they give us an answer and I saw the answer, but it's actually a very unhelpful answer." (SVC1) **Financial and emotional cost of dualistic organizing: losing attractive ventures due to need for plausibility on both axes** - "[to A3] We do so much work for our ventures compared to other venture [investment] firms" (SVC1); "Do you mean the events or the [investment] memos, SVC1?" (Researcher); "No, the memos, and at this stage in general, at this valuation... the amount of work that we do is a bit unusual" (SVC1); "Why do you so much work?" (Researcher); - "That's the amount of work that we need to do to feel comfortable investing in these ventures… We think there's a gap, actually. We think that the reason that early-stage ventures are so poor is because the DD [Due Diligence] is so poor. But other firms don't do that much DD for early stage because the economics are not there. That's why we're trying to set up a model that works, with the member network. To do early stage you need a small fund, but if you have a small fund then the economics aren't there. So, the economics of members makes it possible. Well, it remains to be seen [if it works] but that's what we are trying to do." (SVC1)"Hey guys, what's a good KPI for measuring impact for [venture 214]?" (SVC3) "Number of trips booked? Trips would not have happened?" (A2); "Number of days travelled?" "The hard thing is would those days have happened otherwise without them? SVC4, do you have any ideas? Oh, I know! I have an idea. Look." (SVC3) "It's more around the number of people who would not be able to do so" (SVC4); "How about the number of people making trips who were not able to, like two years ago or something?" (A3) [...] "Ok. ok. We got this. It's weak. It's so weak. Ooh, what if I change this into, impact workshop scheduled?" (SVC3). - "I'm disappointed that we were not offered an allocation in the round alongside the other investors. Perhaps you could drop me a line this week to provide further context so that we can learn and improve as an investment firm for the future?" (SVC2). "[I] felt the depth of the DD was something more suitable for larger investments in companies that have a much longer trading history and who have validated many more assumptions. Also, I was concerned that we've been speaking about investment since early January - and while I know you've invited me to [your private pitching event] I didn't feel confident that any investment could be turned around / done with the speed I'm looking for. Essentially, I think you may need to explore two separate investment processes. One for genuine high risk / seed stage / pre-revenue

		companies with a couple of team members (and that can be turned around in less than a month) and another for larger Series A style investments where an in-depth DD process can actually discover something useful. […] to be honest, in my experience with all the investors I've worked with over the years; most successful seed stage investments just involve backing one or two founders that 1) know how to build things 2) have some early customer validation; and 3) have genuine domain expertise / customer insight; along with hope that it turns out for the best - and that any further attempt at de-risking tends to provide an illusory level of security.” - “I don't think we should ever give money to 'smart' guys who want to play […] We can't / shouldn't compete for deals with people who throw money at the wall and see what sticks, and I think this response affirms a lot of the points we feared about [the founder]” (SV4); “I TOTALLY agree SVC4!! We led a robust DD process and this is the right outcome for us I'm sure.” (SVC1) “Well done guys. We made the right call” (SVC2). **Financial and emotional cost of dualistic organizing: additional pressures due to more tasks and limited fund capacity** - “SVC3, what do I do if people want to meet me? Do I say no, I'm too busy?” (A3) “No, you have to meet them… you have to meet them… You have to meet every venture that wants to meet us” (SVC3) “Ok.” (A3) - “I haven’t done any work today! Any. Work.” (SVC4) “Me neither.” (SVC3) “What kind of work did you need to do?” (Researcher); “A lot of work. Stuff for our ventures, introductions, modeling” (SVC4); - “There's a lot of ventures on the table right now. I'm just trying to close them out, it's just tiring, just a lot of other stuff going on. Like, Mammoth, we're going to have to raise sooner than we thought they were going to. […] There's probably the most ventures that we've been serious about for some time. At least for me, there's three I would probably do if we had the capital. It's a bit like as going through a clothes shop, and being told that you can only take one or two when you've got like four or five in the shopping basket. It's a problem that everyone faces because obviously you have finite capital, but yeah, it sucks” (SVC4)

Table 36: Conceptual categories, empirical themes and exemplary data of negative externalities of hybrid identity-shaping strategies

Discussion

The goal of this study was to answer the question: *How do hybrid resource providers assess and influence the plausibility of new venture identity claims among hybrid ventures?* To answer this question, this study conducted an in-depth, longitudinal, cross-sectional case study of a social venture capital firm and its interactions with 350 evaluated ventures over the period of seven months.

The study finds that the SVC evaluates investment proposals and assesses new venture identities according to their social and commercial claims as the literature implies (Elsbach & Kramer, 2003; Martens et al., 2007; Miller & Wesley II, 2010). However, the study finds that the SVC goes beyond the pure *assessment* of emerging identity, helping to *shape* the identity of evaluated ventures. The study identifies five emergent strategies that describe the patterns of decisions taken by the SVC vis-à-vis evaluated ventures. These strategies—*Cautious Pursuit, Tinkering, Rapprochement,* *Helping* and *Filtering Out*—were intuitively applied to each evaluated venture following an assessment of the venture's general fit with the SVC's more administrative requirements (e.g., stage, legal and physical base, etc.) and, an assessment of the plausibility of the ventures' social and commercial claims. In the case of *Tinkering, Rapprochement,* and in rare cases, *Helping*—strategies applied to evaluated ventures that pass baseline identity claims—the Firm engages with the venture to further improve the plausibility of its (pro)social identity claims, commercial identity claims and overall hybrid identity claims (including its *Trade-off Hazard*).

Following these initial assessments, the Firm's eventual decision to pursue a venture investment opportunity is based on the observed market response to changes co-implemented by the venture and the Firm. This market response provides an input used by the Firm to re-assess the plausibility of the venture's overall identity claims, which it does iteratively. When the SVC's strategies—*Tinkering, Rapprochement,* and in rare cases, *Helping*—are successful, the SVC is able to improve the plausibility of evaluated ventures and at times, co-create investment opportunities for itself. However, these strategies are extremely costly, drawing upon the Firm's reserves of time, social capital, technical expertise and interpersonal skills. Moreover, when these strategies fail, the SVC also incurs an emotional cost.

Implications for the literature on hybrid organizing

These findings have important implications for the literature on hybrid organizing, organizational identity and entrepreneurship. With regards to hybrid organizing; the literature has portrayed hybrid organizations as prone to organizational outcomes across the spectrum of conflict and complementarity (Besharov & Smith, 2014), and prone to *hybridity* outcomes in the dichotomous terms of hybridity maintenance or hybridity collapse (e.g., mission-drift). First, while this study does not *solve* the debate on whether organizational outcomes in organizations are pre-determined (by hybridity), this study—in its breakdown of social and commercial identity plausibility baselines, as well as in its illustration of *Tinkering* and *Rapprochement*—points to specific organizational attributes in new ventures responsible for influencing the likelihood of positive or negative internal organizational and hybridity outcomes.

For example, the SVC judged a venture's potential for developing a plausible, sustainable hybrid identity by assessing its *trade-off hazard*, a judgment informed by a venture's hybrid-identity-reinforcing mechanisms, including its revenue model and founder disposition. These baseline and hybridity assessments support the idea that compatibility within hybrids is pre-determined, providing fuel to "nature" arguments. However, once hybrids pass this threshold, the study demonstrates that effective intervention strategies exist to further increase the plausibility of hybridity within an emerging organization, providing evidence to support the "nurture" argument, as well.

Together, these strategies demonstrate how hybrid organizations evaluate and act upon on hybridity in other firms, providing a rare look at hybridity in an inter-firm context. For example, the findings provide a parallel and extension of the work of scholars like Smith and Besharov (2017) and Ashforth and Reingen (2014) who demonstrated how holographic hybrid organizations maneuver within the limits of hybridity compatibility and, through the organic development of internal mechanisms, manage to find a sustainable configuration for their identity duality over time.

This study extends their work by demonstrating first, despite the malleability of organizational and hybridity outcomes (illustrated in their studies), social-commercial hybridity is still more sustainable in some organizations than in others. Indeed, there are limits to improving hybrid outcomes; a fact understood even by optimistic, holographic, hybrid organizations. The SVC's five emergent strategies are a response to variation in plausibility and malleability of identity among evaluated hybrid ventures.

Second, beyond the SVC's selection process, this study demonstrates how third parties with the appropriate expertise can provide guidance around the appropriate *limits* within which hybrid ventures should operate, i.e., Smith and Besharov's (2017) "guard rails". The study illustrates how this guidance from the SVC is applied—through the strategies of *Rapprochement* and *Tinkering*—to ventures with appropriate social and commercial identity claims (specifically: *moderate social-high commercial,* and *high social-moderate commercial*).

In the hybrid context, this highlights the importance of dyadic relationships in establishing plausible and sustainable organizational identities in a dynamic context (Jones et al. 2012), including preventing mission drift and the commercial form of hybridity collapse (Ebrahim, Battilana, & Mair, 2014; Jegen, 1998; Jones, 2007). Interestingly, although the study identifies the venture attributes which can be molded by a third party, these findings also suggest that accurate assessments of identity compatibility in hybrid ventures may require information beyond the focal organization. Instead, hybrid firm viability must be considered in the social context in which they are found.

This finding echoes Stinchcombe's (1965) writings on the necessary ingredients to birth new organizational forms. He writes that "sufficient resources" must be concentrated "in the hands of an innovating elite [to] recruit, train, motivate, organize personnel on a structure that will function more or less continuously," and that organizations "must have an elite structure of such a form and character that those people in the society who control resources essential to the organization's success will be satisfied that their interests are represented in the goal-setting apparatus of the enterprise” (1965: 241). Considering the inter-firm context when attempting to understand organizational-level outcomes provides nuance to the hybrid organizing literature, which has tended to focus on outcomes influenced by either industry-level factors or firm-level determinants.

Finally, by tying the application of the SVC strategies to varied investment outcomes, this study offers insight into a spectrum of possible outcomes that arise from the pursuit of social-commercial hybrid strategies. While existing studies on the organizational outcomes of hybridity tend to feature a single set of organizational outcomes per in-depth case study on hybrid organizing and internal processes (e.g., equilibrium only, tension only, etc.), this study also includes failures, unintended consequences, and successes. Indeed, the cross-sectional research design—building on data from a resource-provider (e.g., equilibrium, tension, etc.)—offers a rare perspective to the hybrid organizing literature, painting a more complete picture of the potential outcomes of strategies implemented by hybrid organizations, including the drawbacks and benefits of combining social and commercial identities in organizing processes.

These varied outcomes offer the hybrid organizing literature two boundary conditions for understanding the organizational outcomes (e.g., failure) *and* hybridity outcomes (e.g., hybridity collapse) associated with hybridity in emerging organizations. First, for selected ventures, improvements in organizational and hybridity outcomes are possible, but depend on *early* intervention at both the founder *and* business model level. Second, holographic third parties, even in their role as a financial resource-provider, can be qualified sources of intervention, providing social, knowledge and human capital.

These findings are particularly important in the hybrid organizing literature because they provide detailed empirical evidence addressing the pre-determined nature of organizational outcomes. By considering the antecedents and boundary conditions of hybridity outcomes, this study enables a more accurate estimate of the number of hybrids with incompatible identities, or that are at risk of tensions from the joint pursuit of two outcomes.

Implications for the literature on new venture and organizational identity

These findings have important implications for the literature on organizational identity as well, building on and extending the work of Lounsbury and Glynn (2001) and Navis and Glynn (2011). While these scholars theorize about how investors *assess* new venture identity and enable a legitimate venture identity to emerge (by offering funding), this study illustrates the *mechanisms* of new ventures which indicate new venture plausibility and offer an empirical illustration of strategies third parties can use to assess venture identity claims. The first assessment of whether evaluated ventures reach the baseline threshold for social and commercial claims is relatively cognitive and straightforward, relying on what Lounsbury and Glynn (2001) and Navis and Glynn (2011) scholars refer to as “institutional primes,” established ideas against which the SVC can compare venture elements.

However, evaluated ventures which pass the baseline threshold represent a more challenging assessment exercise. Since much of the social-commercial hybrid market refers to new products, services and market categories—the lack of prêt-à-porter models (Battilana and Dorado, 2010)—there are few, if any, “taken-for-granted understandings of prototypical characteristics, roles and activities” that an investor can use to guide its thinking (Navis and Glynn, 2011: 487-488). The study shows that assessing complex identity claims, like hybridity, within venture identity claims as a whole, requires close inter-firm engagement and “stress-tests” of venture identity claims that rely on observation of market responses. The SVC guides the venture in confronting the market—in its two strategies *Rapprochement* and *Tinkering*—and in this way is able to assess new venture identity plausibility (see Figure 36).

These findings provide evidence of how third-parties can help ventures in proposing, testing and developing claims about its emerging entrepreneurial identity. While the literature has theorized that events and partners in the first part of an organization’s life have a powerful effect on an organization’s identity and trajectory (Marquis & Tilcsik, 2013; Stinchcombe, 1965) and resource-providers are known as influential actors in this regard, empirical illustration of the processes through which this occurs is rare. Conversely, this study conducts an empirical investigation of which support strategies and at which levels of intervention venture identity.

Implications for the literature on entrepreneurship and decision-making

Finally, the strategies that the SVC employs have important implications for entrepreneurship, the VC decision-making literature and for practice. First, although we know that VCs and other early-stage equity investors (e.g., business angels) provide valuable support to their portfolio companies (Ehrlich, De Noble, Moore, & Weaver, 1994; Herron & Sapienza, 1992; MacMillan, Kulow, & Kholyian, 1989; Steier & Greenwood, 1995), the literature has thus far presented helping strategies applied *after* a positive investment decision. This study demonstrates that—even for “non-social” VCs—frequent and intense engagement with ventures *prior* to the investment, or even prior to the investment *decision*, may contribute to improving the important VC-founder relationship (Huang & Knight, 2017). By following the evaluation process prior to the investment decision, this study sheds light a key level the VC literature may have overlooked, with implications for improving VC performance in its own investments down the line and, for increasing attractive dealflow.

These findings are not only relevant to the social-commercial hybrid context but may be pertinent to other new venture and innovation contexts. With respect to the former, this study illustrates strategies that appropriate resource providers can use to transfer critical resources to ventures, including financial, human and social capital (Binder, 2007; Huang & Knight, 2017). As mentioned, these confer legitimacy (Stinchcombe, 1965) and other markers of social status (Hsu, 2004) that may critically affect these new ventures' abilities to operate and survive beyond their initial years. With respect to the latter, these findings on hybridity become relevant to innovation if hybridity is viewed as a proxy for the extent to which organizational activities cross established market boundaries. Boundary-crossing has been shown to be critical to introducing novel perspectives to industries with entrenched mindsets (Anthony & Tripsas, 2016; Hargadon & Sutton, 1997; Haveman & Rao, 2006; Mars & Lounsbury, 2009; Rao, Monin, & Durand, 2003). It thus follows that individuals and firms who wish to establish or manage hybrid organizations for innovative purposes (either commercial or social) will be more successful if they manage to obtain appropriate "hybrid" sources of support and capital.

Limitations and future directions

Despite the contributions of this study and its focus on the interactions of one hybrid organization with hundreds of other hybrid and non-hybrid organizations, it still shares many of the features of a single-case case-study (i.e. of the SVC). Given prior arguments about the lack of prototypical characteristics, roles and activities in hybrid industries—this raises the question of the extent to which this study is generalizable to other resource provider-recipient relationships, including relationships in other types of institutional contexts (e.g., emerging markets, conservative industries, collectivist cultures) and regarding relationships with other types of hybrids (beyond social-commercial hybrids).

As our model illustrates, in Figure 36, a strong determinant of the identity-shaping strategies' success (in fact, a pre-requisite for their application) is an initial fit between the SVC and the venture. Due to the known importance of matching in VC-venture relationships (Valliere & Peterson, 2007; Zheng, 2011), it is not clear if the strategies observed can be applied by other VCs and by other resource-providers in the venturing and social venturing space with different assets and strategic foci. In addition to requiring ventures to achieve an initial basic fit with the VC, *Tinkering, Rapprochement* and *Helping* also depend on the resource-provider having industry-relevant knowledge, social contacts (Hochberg, Ljungqvist, & Lu, 2007). Moreover, the social-commercial hybrid market tends to lack prêt-à-porter models, relying on new approaches to delivering and commercializing social and environmental solutions. These industry requirements frame the SVC's decision-makers' cognitive flexibility and divergent thinking as assets in an exploratory evaluation process. While these may remain assets in the majority of markets targeted by venture capital, other investment contexts may require more systematic, efficient processes.

Thus, one area for future research could be to investigate if the strategies uncovered in this study are found in other hybrid resource-provider-recipient relationships, in different industries and, in different geographies. For example, the *Helping* strategy is time intensive. Which kinds of investment firm and fund structures can support this?

Another example includes the *Tinkering* strategy. One perspective is that this strategy indicates uncertainty around future dealflow and dealflow quality.[122] The Firm supports evaluated ventures without discussing investment decisions or terms, resulting in some ventures walking away once they have received help. Is the founder disposition which enables these high-trust engagement strategies a pre-determined quality (e.g., risk profile), or can it be developed by an entrepreneur during the fundraising process or in training programs? Can the venture-VC relationship overcome traditional principal-agent problems? Could working towards the same social-commercial goal decrease the opportunist nature of the entrepreneur? Or is venture and VC vulnerability (i.e., the risk of being let down) simply required in this context, and in the larger context of tackling critical social issues?

There is still much to understand about the five strategies uncovered; under which conditions do they work how may they be optimized? Currently, the factors which invite the SVC engagement strategies are new venture identity plausibility, hybrid identity plausibility and identity malleability. This study only begins to understand the relationship between these constructs. Regarding the Firm, this study captures a set of behaviors from a relatively young investment firm in a relatively young industry. Although the Firm's strategies may still be beneficial going forward, it is unclear whether such venture engagement strategies will continue to be enabled in more established firms. A natural part of the learning process (e.g., pressure to cut losses and be more efficient) may make the SVC more selective with which ventures they choose to apply the *Tinkering* and *Rapprochement* engagement strategies (costly strategies in terms of time, social capital and emotional investment). While this may lead to some optimization, firms may potentially engage in superstitious learning which may lead to false negatives and lost opportunities (Csaszar, 2012; Zollo, 2009).

[122] On the other hand, it can also be a way of reducing investment risks prior to making an investment commitment.

Another promising area of research could be to investigate other "pivoting paths." As indicated in graph shown in Figure 35, the SVC attempted to influence ventures to move towards the top-right corner of the social-commercial claims plausibility landscape (towards a *high-high* plausibility assessment), along the prototypical paths of A to $B_{3,}$ and C to D. Smith and Besharov (2017) demonstrated a zig-zag path between the two axes, driven by their focal hybrid organization. Further research could reveal other prototypical pivoting paths taken by hybrid organizations and the factors which lead to such pivots (e.g., Santos et al., 2015).

Next, although we use established measures for performance, as used in the literature—funding outcomes (Ter Waal et al., 2016)—since the results of early-stage investing are not usually seen until 10 years after the launch of a fund, it is difficult to understand the long-term performance implications of these strategies for either the venture or the fund. To enable further research in this field, additional longitudinal data could be collected on the SVC and its evaluated ventures, to better understand the long-term performance implications.

In closing, this in-depth field study of how social venture capitalists evaluate and act upon investment proposals has opened up multiple questions about hybrid organizing, venture capital decision-making and social challenges. What kind of support do new, hybrid organizations require? What are the boundary conditions they require to be successful? It is our hope that these findings are useful to practitioners and scholars and inspire more research on the potential benefits and downsides of tackling important social issues through business (Dacin et al., 2011; Hollensbe et al., 2014; Shepherd, 2015; Short et al., 2009).

Chapter V

From Both Sides Now: Microfoundations of Hybrid Organizing & Decision-Making (Study Three)

V. From Both Sides Now

- Microfoundations of Hybrid Organizing & Decision-Making (Study Three)

When you change the way you look at things, the things you look at change.
— Max Planck

Introduction[123]

Hybrid organizations—and particularly, hybrid firms which jointly adopt a social welfare and a commercial-profit identity—have captured the public's attention in the last few decades (Battilana & Lee, 2014; Pratt, 2016), with their feel-good stories of helping the needy (Short, Moss, & Lumpkin, 2009: 2), their promise of economic value creation (Healy, 2014; The Social Impact Investment Taskforce, 2014), and their potential complement to tax- or donor-funded social services (Battilana & Lee, 2014; Mair et al., 2012). These developments have inspired a rich body of work in multiple research streams about factors affecting social-commercial identities in organizations (e.g., Ashforth & Reingen, 2014; Fauchart & Gruber, 2011; Tracey et al., 2011).

However, much of the research sidesteps the question of hybridity antecedents. For example, although past studies investigate how processual and structural elements of organizing maintain or break down hybridity in organizations over time, the organizations in these studies are selected because of their pre-established hybrid qualities. Thus, despite providing deep insight into how firm hybridity changes or sustains itself over time, the starting point of these studies usually portrays hybridity as a *fait accompli* (e.g., Ramus et al., 2017; Smith & Besharov, 2017).

In an organizational context, research is just starting to empirically "link individual actions and the influence of organizational subunits to the

[123] The design of this study benefitted from valuable inputs from co-authors Dean Shepherd and Marc Gruber. Data collection and cleaning was conducted by the author of this thesis. Initial analyses and drafts of this chapter were produced jointly by Dean Shepherd and Nettra Pan. Later analyses and framing were led by Nettra Pan and benefitted from inputs from Marc Gruber. This study was financially possible due to the support of the Chair of Entrepreneurship & Technology Commercialization at the EPFL College of Management of Technology. The participants of seminar series at the EPFL College of Management of Technology and the Mendoza College of Business Department of Management & Organizations also provided helpful comments. Thanks, in particular to Julia Binder. Finally, the authors are deeply grateful to each decision maker who made time to participate in our study, and to each of our kind contacts for putting us in touch with additional study participants.

implementation of strategic initiatives" (Bercovitz & Feldman, 2008: 70). When hybridity antecedents are discussed, past studies usually emphasize context, referring to the blanket effect of field- or industry-level factors (Haveman & Rao, 2006; Rao, Monin, & Durand, 2003; Thornton & Ocasio, 1999). While useful for providing general industry insights, this approach does not provide managers much recourse, other than to discourage market entry into complex and problematic industries. From an analytical perspective, this perspective overlooks variance in the ability of managers to interpret and react towards hybrid (for rare exceptions, see: Miller & Wesley II, 2010; Miron-Spektor et al., 2018; Zhang, Waldman, Han, & Li, 2015).

This is surprising, given that individual decision-makers play key roles in spearheading strategic decisions in organizations (Mason, 1969; Walsh, 1995), and that strategic decisions are of considerable importance to top management (Vroom, 1973), organizations (Eisenhardt, 1989a), and society (Ghoshal & Moran, 1996; Kaul & Luo, 2016; Margolis & Walsh, 2003). We have seen that decisions made by individuals in hybrid organizations may lead to new organizational processes (Jay, 2013; Murray, 2010), language (Alvesson & Willmott, 2002; Besharov, 2014; Fiol, 2002; Gotsi, Andriopoulos, Lewis, & Ingram, 2010) or, other strategies (Fauchart & Gruber, 2011; Golden-Biddle & Rao, 1997; Pache & Santos, 2013). These organizational tools are able to generate, perpetuate, or resolve conflicts arising from the combination of two different organizational identities (Glynn, 2000; Zilber, 2002). Yet, in very few of these studies do scholars address the characteristics of those who shape hybrid decisions. With few exceptions (Fauchart & Gruber, 2011; Pache & Santos, 2013), managers in past studies are observed immediately in hybrid settings, with little investigation into how or why these managers arrived to the hybrid setting, or sought out hybridity in the first place.

Studying decision-makers is important because they are "sites of causation" (Abbott, 1995; Kraatz & Block, 2008: 43). They are responsible for making decisions, defined as "a specific commitment to action (usually a commitment of resources)," varying in importance "in terms of the actions taken, the resources committed, or the precedents set" (Mintzberg, Raisinghani, & Theoret, 1976: 246).

But despite the understanding that *decision-making research* is important and despite the acknowledgment of *individual-level actors* in hybrid contexts (Greenwood et al., 2011), we still lack a fine-grained understanding of decision-making at the individual level; what makes elements of hybridity appeal to some individuals and not others? In short, we lack an understanding of the individual-level antecedents to hybrid decision-making.

To gain a better understanding of the individual-level antecedents to hybrid decision-making, we investigate the role of individual *mindsets* in influencing the perception of hybridity attractiveness. We asked 154 funders of commercial and social organizations to evaluate 22 investment scenarios with varying levels of hybridity, resulting in a dataset of 3,388 hypothetical investment decisions made by individuals working in various funds. In each scenario, we varied the extent of the venture's social motivation, the hybridity of the venture's revenue model, as well as the pricing of venture shares. We measured the extent to which individuals held commercial or social mindsets, using a social identity scale we adapted for our setting (Sieger, Gruber, Fauchart, & Zellweger, 2016). Applying Hierarchical Linear Modeling to our dataset, we find, as we theorized, that the commercial or social dominance within individual mindsets moderates the attractiveness of hybrid investment decisions. However, we find surprising results for how the social-commercial hybridity of *mindsets* causes decision-making preferences to diverge from the dominant norm.

The findings of this study offer three primary contributions. First, to the literature on identity duality and hybrid organizing, we extend these streams of (mostly) firm-level research by investigating *individual* mindsets—the theoretical and temporal antecedents of these organizations' hybrid configurations. While this stream of literature offers rich insights into the behavior of firms investing in social-commercial organizations (Mair & Hehenberger, 2014; Randjelovic, O'Rourke, & Orsato, 2003; Scarlata & Alemany, 2010) and how managers embedded in these firms can shape organizational processes which maintain or break down hybridity in organizations over time, we lack an understanding of how different managers in the same context diverge in their decision-making. By investigating decision-makers with different characteristics, we can explain why individuals looking at the same hybrid scenario differ in their decision-making process and analyze how individual-level differences affect hybrid outcomes.

Second, strategy researchers have made great strides in understanding decision-making in a commercial, rational context (Mintzberg & Waters, 1982, 1985), shedding light on the complex, but directed attempts of organizations to match their "internal resources and skills" with "opportunities and risks created by its external environment" (Grant, 1999: 114). However, strategy research has tended to focus on deliberate strategies made with a singular, commercial, profit-oriented mindset, or, more recently, a singular, social-welfare-oriented perspective (Gioia & Chittipeddi, 1991; Gioia, Thomas, Clark, & Chittipeddi, 1994). There has been less research on commercial management approaches which attempt to integrate prosocial considerations within a commercial setting (Davis, Schoorman, & Donaldson, 1997; Kaul & Luo, 2016; Porter & Kramer, 2006). Thus, by analyzing the impact of social dominance within individual mindsets in the context of a financial transaction, we respond to calls to investigate the heterogeneity of individual decision-makers in business settings, particularly, in the heterogeneity of their prosocial orientation or, orientation towards helping others (Shepherd, 2015; Shepherd, Williams, & Patzelt, 2015).

Finally, Mintzberg and Water's (1985) seminal paper on emergent versus deliberate strategies has influenced scholars to include, in strategy research, the *less intentional* plans to match internal resources and skills with opportunities and risks (Grant, 1999: 114). But while we know more about emergent strategy, i.e., "a pattern in a stream of [actual] decisions" (Mintzberg, 1978; Mintzberg et al., 1976; Mintzberg & Waters, 1985: 257), we know less about emergent *hybrid* strategy. We seek to expand this research by investigating a more proximal variable: the individual decision composing these strategies. Moreover, to capture the emergent aspect of strategy, we employ an experimental design which captures each individual's implicit preferences; revealing decision-makers' "theory in use" rather than their "espoused theories of action" (Argyris & Schon, 1974; Lohrke, Holloway, & Woolley, 2010).

These three perspectives—the role of *individual* mindsets, the *combination* of social and commercial mindsets in a financial setting, and the role of mindsets in shaping *implicit* decision preferences—open up new avenues of research on hybrid organizing and decision-making. This study aims to help us better understand why some managers and, consequently, why some firms are more comfortable with hybridity, while others are not. In the following section, we describe the model which we have developed and tested. Although we developed our model based on our understanding of the literature, prior to collecting data, we have—for illustrative purposes and to add richness to our theorizing—included the remarks made by the 154 decision-makers *during* the investment proposal assessment exercise. Their comments are present throughout this paper, and in Appendix I (Table 45).[124]

Managerial Mindsets and Strategic Decision-making

We define managerial mindsets as the fundamental framework or lens through which individuals see the world. They are important because they are a product of an individual's past experiences (Miller, 1993) and social relationships (Tajfel & Turner, 1979); they direct decision-makers' attention (Dutton & Duncan, 1987; Gupta & Govindarajan, 2002; Miron-Spektor et al., 2018); they allow individuals to be at ease in conflicted contexts (Miron-Spektor et al., 2018); and they comprise the "processor" that allows individuals to transform complex reality into action (Mintzberg et al., 1976; Schwenk, 1984). Management research has covered different types of mindsets over the years, such as abundance mindsets (Covey,

[124] Following the assessment portion, we offered each of our subjects the opportunity to elaborate on their decision-making process, and if applicable, their remarks. Although this study theorized from the literature *prior to* collecting data, we include this qualitative data in our theoretical development section to provide richness to our theorizing, following the example of Shepherd, Patzelt and Wolfe (2011).

1991), entrepreneurial mindsets (McGrath & MacMillan, 2000), global mindsets (Gupta & Govindarajan, 2002; Levy, Beechler, Taylor, & Boyacigiller, 2007), growth mindsets (Dweck, 2015), paradox mindsets (Miron-Spektor et al., 2018; Zhang et al., 2015) and productive mindsets (Argyris, 2004), to name a few. This rich body of work has showed how the different goals, relevant actors and legitimate activities associated with these mindsets affect how individuals perceive and respond to reality.

We selected this focus for the following reasons. First, we focus on individual mindsets because they are the theoretical (and sometimes chronological) antecedents of decision-making in organizations. Second, we focus on specifically on the self-focused (commercial dominant) versus other-focused (social-welfare dominant) qualities of their mindsets. We focus on these sets of qualities because of the contrast they provide in terms of motivations, frames of reference and their view of what is appropriate. Third, we focus on how these qualities affect the evaluation of a strategic decision—in this case—the decision to allocate resources to an investment.[125] Finally, within the investment decision, we focus on the following investment decision attributes because of their theoretical relationship to elements of our *decision-maker* attributes (the mindsets). This allowed us to trace how variance in a mindset's commercial and social dominance, in addition to variance in the *hybridity* of the mindset, affects an individual's perception of commercial, social and hybrid investment decision attributes—three theoretically-motivated decision attributes that appeal to our mindsets of interest.

In the following section, we describe our model of how we expect individual mindsets to moderate strategic decision-making in an equity investment context. In this context, we examine the relationship between objective investment decision attributes (see left side of following figure) and the perceived attractiveness of an investment decision (see right side of following figure). Our model in Figure 37 proposes that the nature of a decision-maker's mindset—whether it is commercially-dominant, socially-dominant or hybrid—will positively moderate the relationship between the objective investment decision attributes and the perceived attractiveness of the decision. We theorize how mindset orientation moderates the relationship between the perceived attractiveness of the decision and three investment proposal attributes: (1) the extent of the venture's social mission—the extent to which the venture targets a highly important cause in the form of a social, cultural, medical or environmental problem, (2) the hybridity of the venture's revenue model—the extent to which the venture's main revenue-generating activity is co-dependent on the cause-related activity and, (3) the venture's commercial investment value—the extent to which the venture offers an attractive valuation.

[125] We define a strategic decision as a decision important "in terms of the actions taken, the resources committed, or the precedents set" (Mintzberg, Raisinghani, & Theoret, 1976: 246).

In essence, our model proposes that individual mindsets, through a moderating effect, influence decision-makers' assessment of hybridity in strategic decisions. In total, we propose that two aspects of an individual's mindset affect strategic decision-making: mindset dominance and mindset hybridity. We focus on the decision-makers' evaluation of these three investment decision attributes (controlling for other attributes), because the attributes are respectively, social, hybrid and commercial, appealing to each component of our mindset. We develop our model in the following sections.

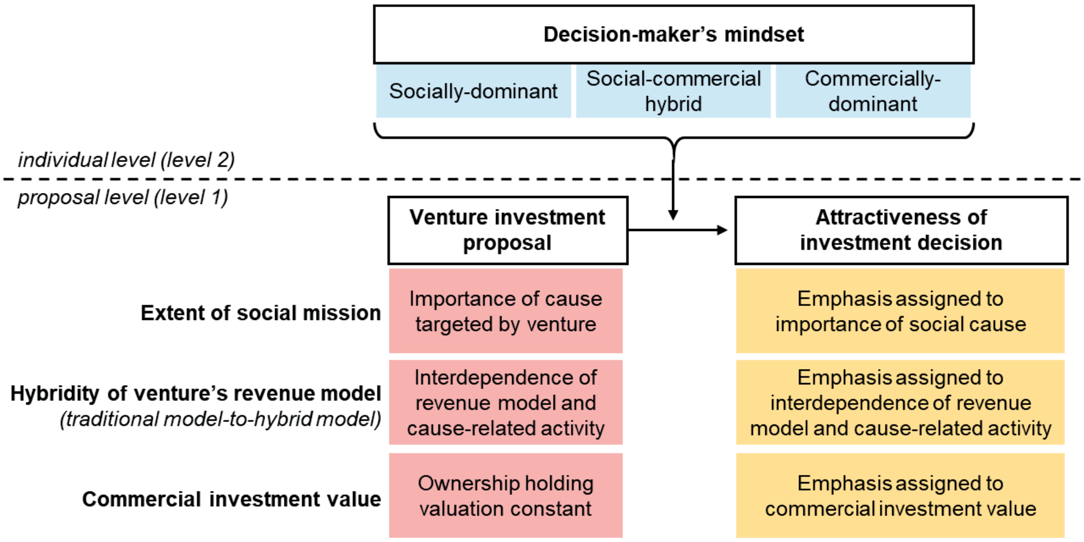


Figure 37: The role of mindsets in assessing hybrid investment decisions

The Moderating Role of Mindsets on Evaluating Social Venture Attributes

We theorize that individual mindsets will moderate the overall investment attractiveness via three different investment proposal attributes. Our first investment proposal attribute of interest is the venture's social mission—the extent to which the venture targets a highly important cause in the form of a social, cultural, medical or environmental problem. For reasons which we explain below, we expect this attribute to be strongly aligned with socially-dominant and hybrid mindsets and less aligned with commercially-dominant mindsets. We argue that the decision-maker's mindset moderates the relationship between investment proposal attributes and the overall attractiveness of the hypothetical investment decision.

Commercially-dominant mindsets and the extent of a venture's social mission (investment attribute 1). Since management research has begun, it has been dominated by the concerns of commercially-dominant mindsets (Ferraro, Pfeffer, & Sutton, 2005). When studied in conjunction with socially-dominant mindsets, the commercially-dominant mindset has been referred to as a banking logic (Battilana & Dorado, 2010), business mission (Smith & Besharov, 2017), client service logic (Jay, 2013), commercial logic (Murray, 2010; Pache & Santos, 2013; Ramus et al., 2017; York, O'Neil, & Sarasvathy, 2016), an economizing logic (York, Vedula, & Lenox, 2017), pragmatism (Ashforth & Reingen, 2014) and a self-oriented social identity (Fauchart & Gruber, 2011; Miller, Grimes, McMullen, & Vogus, 2012), among others.

However, despite originating from multiple theoretical sources, these terms all refer to organizing towards the *goal* of commercial profits (*i.e., motivation, mission*), conducted to address client needs and outperform competitors (*i.e., relevant actors, frame of reference, target client population*), and ideally conducted through efficient, centrally-governed business activities (*i.e., legitimate activities, values, guidelines for self-evaluation, rules of engagement*) (Ashforth & Reingen, 2014; Battilana & Dorado, 2010; Fauchart & Gruber, 2011; Fu et al., 2010; Pache & Santos, 2013). In Table 37, we provide two examples from the institutional logics and social identity literatures to illustrate which motivations, relevant actors and legitimate activities a commercial mindset is likely to prioritize (see also: York et al., 2016).

Pache and Santos (2013: 980), building on the institutional logics literature, describe commercial logics as related to "technical and managerial expertise," structured around the "efficient" and "controlled" sales of "products and services on the market" (*legitimate activities*), and, carried out in order to achieve the goal of "an economic surplus that can ultimately be legitimately appropriated by owners," i.e., organizing as "a means to achieve the profit appropriation goal" (*motivation)* (D'aunno, Succi, & Alexander, 2000; Friedland & Alford, 1991). Fauchart and Gruber (2011: 924), building on the social identity literature, write similarly that for self-interested individuals, firm creation is a *means* to generating commercial profit: "firm creation enables the individual to pursue his self-interest (making money, creating personal wealth, building a business that will be inherited by the next generation)" (*motivation*). The *legitimate activities* of the firm comprise exercising "business-related competence" and "cost-effective and mass-production methods (which are necessary to reach profitability)". In terms of relevant actors, Fauchart and Gruber (2011) point out that, in a venture founding context, self-interested people target "the average consumer" for "quickly growing segments (the criteria of likelihood and value drive the choice of market served)," and evaluate their activities vis-à-vis "competing firms" (*relevant actors*).

Characteristics	Self-focused founder identity (Darwinian) (Fauchart & Gruber, 2011)	Banking logic (Battilana & Dorado, 2010)	Commercial logic (Pache & Santos, 2013)
Motivation, mission, goal	- Self-interest as basic social motivation; firm creation enables the individual to pursue his self-interest (making money, creating personal wealth, building a business that will be inherited by the next generation)	- Goal: Deriving a rent or profit	- Goal: Sell goods and/or services on the market to generate economic surplus that can be legitimately appropriated by owners.
Relevant actors, the goal of commercial, frame of reference, target client population	- Produce for the average consumer or for quickly growing segments (the criteria of likelihood and value drive the choice of market served) - Tend to serve additional segments over time/extend applications to new segments to achieve firm growth - Competitors as relevant others in self-evaluation - Competing firms as the primary frame of reference	- Venture target population: Clients are customers and seen as more or less risky sources of income	- Market actors, company owners
Legitimate activities, values, guidelines for self-evaluation, rules of engagement)	- Being a competent professional - Professionalism as basis of self-evaluation (as firm-founder) - Business-related competences as the basis for self-evaluation: being professional is perceived as critical. - Being distinct from other firms seen as core to the managerial process - Capabilities and resources deployed: focus on cost-effective and mass-production methods (which are necessary to reach profitability) - International sourcing of production capabilities (if needed) - Value intellectual property rights protection/help in achieving business goals	- Management principles: maximizing profit while fulfilling fiduciary obligations not only to investors but also depositors	- Organizational form: the for-profit form is legitimate because its ownership structure allows it to channel human resources and capital to areas of higher economic return. - Governance mechanism: Hierarchical control is the appropriate way to monitor strategy and operations in a way that ensures consistency of products and services and efficient allocation of resources. - Professional legitimacy is driven by technical and managerial expertise.

Table 37: Self-focused mindsets in the literature, as adapted from Fauchart and Gruber (2011: 924, 947), Sieger et al., (2016), Battilana and Dorado (2010: 1423), and Pache and Santos (2013: 980)

Therefore, we theorize that due to what the commercially-dominant mindset indicates as appropriate goals, frames of reference and legitimate activities, commercially-dominant mindsets will moderate the relationship between the extent of a venture's social mission and the attractiveness of the hypothetical investment decision, such that, as venture missions become more social—the venture in question moves towards addressing a highly important social, environmental, cultural or medical cause—the attractiveness of the potential investment decision will increase, but more so for individuals whose mindsets are *not* commercially-dominant, than for individuals whose mindsets *are* commercially-dominant.

Socially-dominant mindsets and the extent of a venture's social mission (investment attribute 1). To complement the existing literature on decision-making driven by commercially-dominant mindsets, management scholars have, in recent years, expressed greater interest in understanding how decision-makers integrate considerations of social welfare into important strategic decisions (Rynes, Bartunek, Dutton, & Margolis, 2012; Shepherd, 2015; Shepherd et al., 2015). This orientation towards the "welfare of human beings as members of society" (Merriam-Webster.com, 2018) has been studied alone—as well as, in juxtaposition to commercial mindsets—in a variety of literature streams (Rynes et al., 2012). For example, scholars have referred to social mindsets using the terms: alertness to suffering (Dutton, Worline, Frost, & Lilius, 2006; Miller, Grimes, McMullen, & Vogus, 2012; Shepherd & Williams, 2014), ecologizing logics (York, Vedula, & Lenox, 2017), morality or social idealism (Ashforth & Reingen, 2014), other-oriented social identity (Fauchart & Gruber, 2011; Zhang et al., 2015), prosocial orientation (Shepherd, 2015; Shepherd et al., 2015), public service logic (Jay, 2013), social development logic (Battilana & Dorado, 2010), social mission (Smith & Besharov, 2017), and social welfare logic (Pache & Santos, 2013; Ramus et al., 2017), among other terms.

Despite the diverse theoretical origins of these terms, they all refer to congruent motivations, relevant actors, and legitimizing activities. Unlike the commercially-dominant mindset which is oriented towards the self, the socially-dominant mindset directs individuals' attention to another particular group of actors, in this case, *others* (Bierhoff, 2005; De Dreu, Weingart, & Kwon, 2000) (*i.e., relevant actors, frame of reference, target client population*). With regards to others, socially-dominant others are compelled to help them (Batson, 1987), alleviate their suffering (Batson & Shaw, 1991; Miller et al., 2012; Omoto, Malsch, & Barraza, 2009), alleviate poverty (Battilana & Dorado, 2010), "address local social needs" (Pache & Santos, 2013), "mak[e] a difference," "reduc[e] harm" (Grant, 2007), and "advance particular causes, generally of a social or environmental nature" (Fauchart & Gruber, 2011: 944) (*i.e., motivation, mission, goal*). As one of our respondents exclaimed during the exercise,

> "*I have no time to waste on ventures that do not target the causes in which I am engaged in. I focus [first] on the [venture's targeted] cause and on the cause-related experience of the founders*" (Respondent #40, with socially-dominant mindset, Investment Boutique #22).

Finally, because the socially-dominant mindset is oriented towards others, legitimate activities—the activities viewed as legitimate *means* to help others—change. The socially-dominant mindset favors "bottom-up" (Ashforth & Reingen, 2014), non-profit, democratic governance structure focused on the social mission (Pache & Santos, 2013). Because socially-dominant mindsets take on a collectivist identity (Brewer & Gardner, 1996), the traditional commercial perspective of loss and gain changes. Individuals are prepared to personally incur "substantial costs to promote other people's interests (Camerer & Fehr, 2006; Rabin, 2002)" (Miller et al., 2012: 618). As Brewer (1991), from the social identity lens, explains "when the definition of self changes, the meaning of self-interest and self-serving motivations also changes accordingly (p. 476, as citied in Brewer and Gardner, 1996), whereby "the self-utility that may accrue to the actor is affected by the utility accruing to others (Licht, 2010: 839)" (Miller et al., 2012) (*i.e., legitimate activities, values, guidelines for self-evaluation, rules of engagement*). We summarize perspectives from the social identity and institutional logics literature below in Table 38.

Characteristics	**Unknown-other-focused founder identity (Missionary) (Fauchart & Gruber, 2011)**	**Development logic (Battilana & Dorado, 2010)**	**Social welfare logic (Pache & Santos, 2013)**
Motivation, mission, goal	- Advancing a cause: firm creation supports the political vision of the individual and the ambition to advance a particular cause (social, environmental, etc.) - Derived from what the founder would like the world to become	- Goal: Development and poverty alleviation	- Goal: Make products and/or services available to address local social needs.
Relevant actors, the goal of commercial, frame of reference, target client population	- Society as the primary frame of reference - Produce for those consumers where they expect the greatest social impact; ultimately society is their audience - May serve additional segments, if this allows the firm to leverage its socio-political mission	- Target population: Clients are beneficiaries and seen as more or less "deserving" of support	- Others in the local community
Legitimate activities, values, guidelines for self-evaluation, rules of engagement)	- Responsible behavior: Responsibility as the basis for self-evaluation: contributing to a better world is perceived as critical (truly responsible people do act) - Demonstrating that alternative social practices are feasible and leading by example seen as core to the entrepreneurial process - Tend to address new social practices (e.g., new modes of consumption or production) - Focus on socially responsible production methods - Sourcing from suppliers that match strict criteria (according to mission) - Demonstration of firm capabilities to diffuse the exemplary model	- Management principles: Maximizing the impact of donor funds on development and poverty alleviation	- Governance mechanism: The nonprofit form (association) is legitimate because of its ownership structure giving power to people who adhere to a social mission. The non-redistribution constraint ensures a real focus on the social goal. - Democratic control, which is, by law, constitutive of the association status, is the appropriate way to monitor strategy and operations, allowing organizations to consider local social needs. - Professional legitimacy is driven by contribution to the social mission.

Table 38: Other-focused mindsets as described in the literature,
adapted from Fauchart and Gruber (2011: 924, 947), Battilana and Dorado (2010: 1423), and Pache and Santos (2013: 980)

Therefore, due to the emphasis that socially-dominant mindsets place on advancing a social mission and helping others (*motivation, relevant actors*), and, due to importance placed on the social mission, and how socially-dominant mindsets view and pursue gain (*legitimate activities*), we theorize that social dominance in mindsets will render a venture's social mission—the extent to which a venture addresses a highly important social, environmental, cultural or medical cause—as *the* critical feature in an investment proposal. We anticipate that socially-dominant mindsets will moderate the relationship between the extent of a venture's social mission and the overall attractiveness of hypothetical investment decisions, such that, as the importance of the social mission being addressed increases, the overall attractiveness of hypothetical investment decisions will increase, but more so for individuals whose mindsets are socially-dominant, than for individuals whose mindsets are commercially-dominant.

Hybrid mindsets and the extent of a venture's social mission (investment attribute 1). Although research on hybrid organizing has been of great interest to scholars for decades (Battilana & Lee, 2014), the majority of work remains at an organizational level (Battilana & Dorado, 2010; Mair & Hehenberger, 2014; Scarlata & Alemany, 2010), with little research conducted on how combining a commercial mindset with a social mindset affects decision-making. However, we find research on topics related to decision-making driven by social-commercial hybrid mindsets in studies of biculturalism (Moore & Barker, 2012; Tadmor & Tetlock, 2006; Tadmor, Tetlock, & Peng, 2009), cognition (Laureiro-Martínez & Brusoni, forthcoming), and paradoxical management (Miron-Spektor et al., 2018; Zhang et al., 2015). We draw on hybrid decision-making research at the level of the *organization,* as well as from individual-level conceptual research (Wry & York, 2017), to develop theory on how hybrid mindsets influence decision-makers' assessment of hybrid and other investment proposal attributes.

One of the qualities of research on hybrid organizing is that it is contested, given that data is sourced from practitioners who operate on the boundaries of two ways of thinking which are often in opposition. In Mair and Hehenberger's (2014: 1184) field study, which features funders operating at the boundary of traditional investors and philanthropists, one of their informant says,

> *"Maybe the difficulty is this arrogance from the private sector that makes them believe that they can export their methodology, their ways of acting in the civil society sector. That is not so positively seen and is almost like a clash of cultures."*

Another one counters,

> "*The biggest problem in charity is inefficiency. . . . You can't be egoistic and just look at what you want to do locally because egoism is inefficiency. In today's world, philanthropy must be seen as a business, and you must look at how to get the best return on your investment, because the needs we're trying to address are so big*" (Mair & Hehenberger, 2014: 1185).

Nevertheless, we can still summarize the *motivations, relevant actors, and legitimizing activities* of hybrid mindsets as follows. What this literature suggests is that hybrid mindsets are shaped by the dual goals of generating commercial *and* social outcomes (*i.e., motivation, mission*), conducted to address client needs, competing offers, *as well as,* beneficiary needs (*i.e., relevant actors, frame of reference, target client population*), and conducted through composite organizations. In many field in which hybrid organizations operate, there are often no prêt-à-porter solutions (Battilana

& Dorado, 2010; Wry & York, 2017), therefore individuals with hybrid mindsets will borrow elements and strategies from other organizational forms (Pache & Santos, 2013), working towards their goals "in ways that integrate both financial and social aims" (Wry & York, 2017: 549). (*i.e., legitimate activities, values, guidelines for self-evaluation, rules of engagement*). These activities may combine the decision rules of two forms, or emphasize different aspects over different time periods (e.g., Ashforth & Reingen, 2014; Smith & Besharov, 2017).

An example from the institutional logics literature indicates which motivations, relevant actors and legitimate activities a hybrid mindset is likely to prioritize. In Battilana and Dorado's (2010: 1424) study of microfinance organizations, they show how an emerging commercial microfinance logic combines traditional banking logic and development logic. They state that the goal of the hybrid logic was not "deriving a rent or profit," nor was it "development and poverty alleviation" alone, but these firms instead sought to increase "access of the disenfranchised to financial services while fulfilling fiduciary obligations toward depositors and investors" (*motivation*). Next, the authors discuss how the hybrid logic related to their *relevant actors*. The clients were not as "customers and seen as more or less risky sources of income," nor were they only as "beneficiaries and seen as more or less 'deserving' of 'support'," rather, their clients were "customers and seen as microentrepreneurs." In this way the hybrid mindset was able to combine both the financial lens in considering their clients (i.e., they were customers), as well as a social lens, (i.e., they deserved support, but as equal, agency-wielding actors) Finally, in the emerging organization's *legitimate activity,* they sought to "strik[e] a balance between maximizing access of the disenfranchised to financial services and fulfilling fiduciary obligations to depositors and investors" (Battilana & Dorado, 2010: 1423).

Due to the emphasis that hybrid mindsets place on combining a social mission with a commercial mission (*motivation*), on addressing the needs of both their beneficiaries and their clients (*relevant actors*), and due to their efforts to comply by both social and commercial rules of operation (*legitimate activities*), we theorize that hybrid mindsets will moderate the relationship between the hybridity of a venture's mission—the extent to which a venture addresses a highly important social, environmental, cultural or medical cause—and the overall attractiveness of hypothetical investment decisions. As the hybridity of the venture's mission increases, we theorize that the overall attractiveness of hypothetical investment decisions will increase, however, due to the efforts of individuals with hybrid mindsets to operate "in ways that integrate both financial and social aims" (Wry & York, 2017: 549), we theorize that the attractiveness of hypothetical investment decisions will increase to a larger degree for individuals with hybrid mindsets, than for those whose mindsets are commercial-dominant, and, due to the efforts of individuals with hybrid mindsets to strike a balance between commercial concerns and social concerns (Battilana & Dorado, 2010), we expect individuals with hybrid mindsets to discount the importance of the venture's social mission relative to individuals with socially-dominant mindsets.

We summarize our arguments in the following hypotheses:

Hypothesis 1a: *Social and commercial orientation in mindsets will moderate the relationship between* the extent of the venture's social mission *and the overall attractiveness of the hypothetical investment proposal, such that, as the* importance of the cause targeted by the venture increases*, the overall attractiveness of the hypothetical investment proposal increases.*

Hypothesis 1b: *While the relationship between* the extent of the venture's social mission *and the overall attractiveness of the hypothetical investment proposal will be positive, relative to individuals with commercially-dominant mindsets, the relationship should be more positive for individuals with hybrid mindsets, and the most positive for individuals with socially-dominant mindsets.*

The Moderating Role of Mindsets on Evaluating Hybrid Venture Attributes

Our second investment proposal attribute of interest is the hybridity of the venture's revenue model—the extent to which the venture's main revenue-generating activity is co-dependent on the cause-related activity. For reasons which we explain below, we expect this attribute to be strongly aligned with socially-dominant and hybrid mindsets, and less aligned with commercially-dominant mindsets. The decision-maker's mindset will moderate the relationship between the hybridity of the venture's revenue model and the overall attractiveness of the hypothetical investment decision.

Commercially-dominant mindsets and the hybridity of a venture's revenue model (investment attribute 2). Individuals with commercially dominant mindsets will perceive the hybridity of a venture's revenue model—the extent to which the success of the revenue model in the investment proposal co-depends on the success of the cause-related activity—through commercial goals, actors, and legitimizing activities. The goal of a commercial mindset is to pursue personal wealth generation (Fauchart & Gruber, 2011) and serve customers, clients and investors (Battilana & Dorado, 2010; Jay, 2013) (*motivation, relevant actors).* Upon completing her investment evaluation exercise, one respondent took the time to add this additional comment,

> "*If you're working at a fund, I feel like you have a responsibilities [sic] to the [fund's limited partners—the shareholders], if they haven't told you to be focusing on a cause, then it's not my role to,*

even if it's a cause I personally care about outside of work. Personally, I am cause driven, but beyond setting standards in day to day practice that's not something I think should come into the day to day decision-making." (Respondent #123, with commercially-dominant mindset, Firm #7)

Her comment points to the relevant actor in her case (the fund's limited partners), and how cause-related activities do not relate to the main legitimate activity of an investor, that is, to offer strong financial returns to the owners of the fund (Friedman, 1970; Jansson, Sandberg, Biel, & Gärling, 2014; Sternberg, 1997).

Moreover, because the guiding values in commercial mindsets are professionalism and business-related competence (Fauchart & Gruber, 2011; Pache & Santos, 2013), individuals with commercially-dominant mindsets will be likely to take a traditional "business school" approach, which prioritizes "pragmatic business concerns (e.g., profitable management, saving money, increasing sales)" (Ashforth & Reingen, 2014: 481), and views cause-related matters to be of secondary importance (Davis, 1973; Pettigrew, Thomas, & Whittington, 2001) —even a distraction

Unlike socially-dominant or hybrid mindsets, who view commercial outcomes as a means to an end, commercially-dominant mindsets appear to frame commercial outcomes as the means and end. As one respondent who later scored highly on our measure for commercially-dominant mindsets said, "I don't care about the cause," he said, "I'm not emotionally attached. VC is completely unrelated to emotions. I'm looking at the size of the market" (Respondent #105, VC Firm #57). To clarify, we generally do not expect commercially-dominant individuals to shun hybrid revenue models, or social causes, however, we expect them to be much more comfortable with both activities in a segregated manner, since from their perspective, one does not bolster the legitimacy of the other. The following comment shows pursuing a social cause and financial gain should operate on two parallel tracks,

> "*The cause is not important, however, if the company, in addition to their revenue-generating activity allocates resources to any social cause – personally, I lead the Women in Fintech group and lead gender diversity – but for me, when I evaluate the venture, [a cause] is an add-on. This is a nice-to-have, but it would never play a role in the decision of whether to invest or not. In that sense, the interdependence [of the revenue model and cause-related activity]… I don't want to see that the revenue success is linked to a cause – I want them to be completely independent*" (Respondent #69, with commercially-dominant mindset, VC Firm #39).

Hence, we still theorize that, all else being equal, commercially-dominant mindsets will be more persuaded by ventures which have an interdependent revenue model. However, we theorize that the attractiveness of the potential investment decision will increase more so for individuals whose mindsets are *not* commercially-dominant, relative to individuals whose mindsets *are* commercially-dominant.

Socially-dominant mindsets and the hybridity of a venture's revenue model (investment attribute 2). As mentioned previously, individuals with socially-dominant mindsets represent a highly collectivistic social identity (Brewer & Gardner, 1996). Indeed, when these individuals see others suffering, they identify, view this as unfair and are socially motivated to reduce this suffering (Batson & Shaw, 1991; Lewin, 1935; Miller et al., 2012) (*motivation*). Given this other-focused mindset (relevant actors), decision-makers with a socially-dominant mindset will be primarily concerned with advancing the collective welfare of these others, even at a personal cost to themselves (*legitimate activities*). Therefore, it is to be expected that individuals with socially-dominant mindsets will not only tolerate cause-related activities in a commercial venture, but as a way of prioritizing the social mission, they will *expect* cause-related activities to be considered in tandem with revenue-generating activities.

> One of our respondents with a socially-dominant mindset elaborated, "*Basically, we're looking for businesses who have strong interdependencies, what we call 'inherent impact' The social success is tied to success of their product, addressing big causes or several big causes together (like the United Nations Sustainable Development Goals)*" (Respondent #31, with socially-dominant mindset, VC Firm #16).

Moreover, due to how hybrid mindsets render individuals alert to opportunities which combine the pursuit of both social and commercial outcomes (Wry & York, 2017), relative to individuals whose mindsets are commercially-dominant, we expect decision-makers with hybrid mindsets to be more opportunistic about the potential benefits that cause-related attributes can bring to a revenue-generating venture (Burt, 1983; Creyer, 1997; Sen & Bhattacharya, 2001). While one decision-maker filled out our questionnaire, he paused to inform us of the link between his business activities and his social mission,

> *"Instead of putting strongly disagree on 'it is important for me to advance my career in the business world' I only put 'disagree' because I* somewhat *care about it—it's a lever that helps me to achieve societal impact goals"* (Respondent #52, with socially-dominant mindset, Micro VC #31)

Hence, we theorize that, as revenue models become more interdependent, the motivations, relevant actors and legitimizing activities of socially-dominant mindsets will lead decision-makers to increase their ratings of potential investment decisions. In other words, as the hybridity of the revenue model increases, the overall attractiveness of the investment decision will increase, however, the relationship between the hybridity of the revenue model and the overall attractiveness of the hypothetical investment decision should be more positive for individuals with socially-dominant mindsets than for individuals with commercially-dominant mindsets.

Hybrid mindsets and the hybridity of a venture's revenue model (investment attribute 2). Individuals with hybrid will perceive the hybridity of a venture's revenue model—the extent to which the success of the revenue model in the investment proposal co-depends on the success of the cause-related activity—through the concerns of both commercial and social mindsets.

On one hand, the hybridity of a venture's revenue model is an attribute likely to appeal to decision-makers with hybrid mindsets through a simple process of elimination. Individuals with hybrid mindsets view their business activity as tightly coupled with their social mission (*legitimate activity)*. Since traditional non-profits are unsuitable since they tend not to generate revenue (*motivation*), and traditional for-profits are also unsuitable since they tend not to address an important social cause (*motivation*), ventures which have revenue models which are highly interdependent with the cause-related activity may simply be the remaining investment proposal destination to which all individuals with hybrid mindsets naturally go. As one of our respondents commented during our questionnaire,

> "*I would disagree with [the statement that revenue-generating activities should have no effect on progress towards a cause]. I think it is helpful to have revenue-generating activities promote progress towards a cause"* (Respondent #2, with hybrid mindset, Holding Company #1).

On the other hand, the hybridity of a venture's revenue model may also be viewed as *the* critical feature of an investment proposal for hybrid mindsets, sought out and targeted by the decision-maker since it represents the main mechanism through which individuals with hybrid mindsets can integrate conflicting motivations, demands from relevant actors, and types of legitimizing activities.

One of our respondents elaborated on his decision-making process, referring to the Buy One-Give One marketing scheme whereby a company like TOMS (who popularized the practice) commits to giving one pair of shoes away per pair of shoes sold (Marquis & Park, 2014; Mycoskie, 2016),

> *"The one thing that we're really focused on is that interdependence between the revenue generating activity and impact. We'll never do a TOM's-like model where it's a post-revenue-generating activity. We're really focused on the sustainability of impact through the commercial viability of the business"* (Respondent #65, with hybrid dominant mindset, VC Firm #36)

Here the respondent refers to the values and governance mechanisms important to him (*legitimate activities*). Unlike commercially-dominant mindsets, which place a premium on professionalism, effectiveness and profit-generation, and unlike socially-dominant mindsets, which emphasize social mission and social change only, in the case of the hybrid mindset, the respondent refers to both impact, and the commercial viability of the business, as well as the result of the two combined: the sustainability of impact.

Another respondent, when given the opportunity to elaborate on her decision-making process, explained the overlap in motivation, actors, and legitimate activities,

> *"Interdependence was very important to me - I have something personally against impact that is 'artificially' created. So, being able to structure a company that has good correlation with business impact is very important. […] By artificially created, I mean - it is not a strong company. If you sell a product [with the promise that you'll] donate breakfast to kids in Cambodia - for [every] 1 dollar of this [product's revenue] - if management changes and is not a fan of this anymore they can easily drop it. So, by this I mean the impact is 'artificial' because it is not being created by the product or service being sold. Also, on the flip side, if the product becomes so popular that no one looks at the donation portion anymore, the company may also feel comfortable with dropping this impact portion"*
> (Respondent #160, with hybrid mindset, Not-for-profit #12).[126]

Hence, we theorize that as the co-dependence of revenue-generating activity and cause-related activity increases, individuals with hybrid mindsets are likely to increase their overall rating of the hypothetical investment decision. Relative to individuals with commercially-dominant mindsets *and* individuals with commercially-dominant mindsets, the motivations, relevant actors and legitimizing activities of hybrid mindsets means that the overall rating of the hypothetical investment decision will highest among individuals with hybrid mindsets.

We summarize our reasoning around this investment proposal attribute in the following hypotheses:

Hypothesis 2a: *Social and commercial orientation in mindsets will moderate the relationship between* the hybridity of the venture's revenue model *and the overall attractiveness of the hypothetical investment proposal, such that, as the* interdependence between a venture's core revenue-generating activity and their cause-related activity *increases, the overall attractiveness of the hypothetical investment proposal increases.*

Hypothesis 2b: *While the relationship between* the hybridity of the venture's revenue model *and the overall attractiveness of the hypothetical investment proposal will be positive, relative to individuals with*

---

[126] Only after analyzing the mindset orientation scores for these three respondents, we found that they had hybrid mindsets.

commercially-dominant mindsets, the relationship should be more positive for individuals with socially-dominant mindsets, and the most positive for individuals with hybrid mindsets.

The Moderating Role of Mindsets on Evaluating Commercial Venture Attributes

Our third investment proposal attribute of interest is the venture's commercial investment value—the extent to which a venture offers a commercially attractive investment deal. The decision-maker's mindset will moderate the relationship between the hybridity of the venture's commercial investment value and the overall attractiveness of the hypothetical investment decision. Before explaining why we expect this attribute to be strongly aligned with commercially-dominant and hybrid mindsets and less aligned with socially-dominant mindsets, we clarify what we mean by commercial investment value and present our assumptions about its relationship between ownership and venture valuation.

We conceptualize investment value as good "value-for-money" or the attractive pricing of venture shares.[127] The pricing of venture shares—the total price of the total number of shares (i.e., the price of the entire pie) divided by the total number of shares issued by the venture (i.e., number of pie pieces—relates to the venture's overall valuation (Zider, 1998). Valuation is a critical attribute or equity investors since it is a key[128] determinant of how much of the company the investors will receive in return for their capital injection (Bowden, 1994; Hsu, 2004). Yet, despite its importance, a company's valuation is difficult to calculate in early stages of a company due to their shorter track record and fewer objective, comparable benchmarks to predict future performance. Moreover, what is considered an appropriate valuation in one industry may be considered wildly unreasonable in another . Valuation is further affected by ephemeral industry trends, local practices and the value and fluctuation of local currency (Goldenberg & Goldenberg, 2009). Hence, despite its key role that the cost of ownership (share price) and valuation have in informing the attractiveness of an investment deal, it is difficult to identify a numerical price threshold that will hold across venture stages, industries, currencies and geographies (Block, De Vries, Schumann, & Sandner, 2014).[129]

Finally, in equity investing, founders sometimes disagree with third parties' valuation of the company that they have developed. Generally, their higher appreciation of their company's value leads them to inflate the

---

[127] Founders issue shares which represent partial ownership of a company.

[128] Valuation is also a function of how much new capital is being infused in the company.

[129] In public markets, the valuation of the company is calculated based on past performance and further affected by the purchasing and selling of company shares, which drives demand for the shares, and therefore drives the price up or down. Generally, in this context, companies with higher valuations are considered greater generators of commercial value for the economy. Moreover, a high valuation may signify willingness to participate in an investment round at this price. However, in our context—the context of early-stage investing—venture valuations still vary despite holding venture quality constant (Bradley, Kim, & Krigman, 2015; Hsu, 2004).

valuation of their company (Pollack & Bosse, 2014), sometimes, in order to part with less of their company in exchange for capital investment (Sapienza, 1992; Smith, 2001) or, to signal the high future value of the company (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2002). However, a prematurely-claimed high valuation can hurt founders in the longer term (Feld & Mendelson, 2016). Even if a venture succeeds in raising money (i.e., selling shares) at this valuation, and hence has proof of their venture's market value, if future sales and growth do not meet the targets with which the valuation was calculated, the venture may have to discount its valuation in a future funding round, sending a negative signal to potential stakeholders.[130] On the other hand, if a valuation is too low, it may act as a red flag, indicating that the company has low value due to some undisclosed reason (Shane & Cable, 2002). Thus, as illustrated in Figure 38, valuation should not be plausible: not excessively high, nor too low.

Although valuation depends also on the industry, stage, investment size, control rights offered and the investor's preferences (Block et al., 2014), in the US market at the time of this writing, this range of "plausibility" may cover hundreds of thousands, or, hundreds of millions of dollars (Cutler, 2012; Hsu, 2004; Scarlata & Alemany, 2010). Therefore, *within* this range of plausible valuations there is the notion of a commercial investment value, or value-for-money, wherein—holding the quality of the investment constant—investments pricing their company shares on the *lower* side of the plausible range are considered to have *higher* commercial investment value, or, value-for-money and, investments pricing their company shares on the *higher* side of the plausible range are considered to have *less* investment value, and represent less of a "good deal" (see figure below; Figure 38).

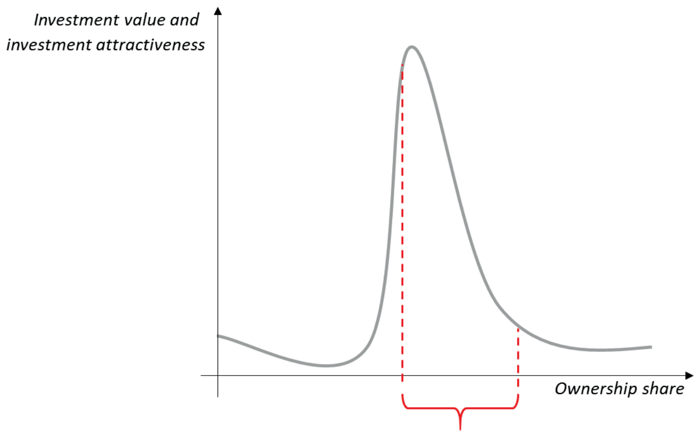


Figure 38: Commercial investment value and venture valuation in early-stage companies

[130] Ideally, companies will: receive a modest valuation estimation during their first injection of capital; sell and grow according to identified targets; and then receive a greater estimated valuation in the next negotiated funding rounds.

Thus, without going into the details of investment performance, the venture investment itself, viewed jointly with its valuation, can have higher or lower commercial investment value, i.e., it can be expensive, or "a great bargain" (Bowden, 1994). This makes investment value an important commercial criterion in the evaluation of investment proposals, and in the study of investor decision-making. Hence, focusing on the range of plausibility, we include venture valuation in our theorizing.

Commercial mindsets and commercial investment value (in relation to venture valuation) (investment attribute 3). Considering the role of motivations, relevant actors and legitimizing activities in a commercial mindset, we theorize a venture's commercial investment value—the extent to which the venture offers an attractive valuation—will not only influence the overall attractiveness of an investment decision, but that for commercial mindsets, this attribute will be considered the critical attribute.

First, we know that the goal of individuals with commercially-dominant mindsets are to generate profit, and being efficient and pragmatic (D'aunno et al., 2000). In their frame of reference, they consider competitors (which they aim to beat), customers—or in this case, their own investors—(which they aim to serve), and themselves. Finally, investment value is directly related to the main legitimate activity of an investor, that is, to offer strong financial returns to the owners of the fund (Friedman, 1970; Jansson, Sandberg, Biel, & Gärling, 2014; Sternberg, 1997). As Battilana and Dorado (2010: 1423) wrote, the goal indicated by the banking logic is to "maximize[e] profit while fulfilling fiduciary obligations not only to investors but also depositors."

Though we did not ask him about the culture in his firm, in reaction to one of our questionnaire items, one respondent with a commercially-dominant mindset told us, "We have a very competitive culture. We say, 'we are going to be the best goddamn investors the world has ever seen!'" (Respondent #104, Family Office #4). Another respondent with a commercially-dominant mindset, elaborated on her decision-making, "The valuation is important to me because I don't want to pay more than I should be paying" (Respondent #132, Angel Investor). This stands in contrast to how the literature describes the behavior of individuals with a prosocial orientation. A person with a socially-dominant mindset would "try to establish a decision that values and incorporates both own and other's interests and ideas; they see the decision-making process as a collaborative game in which fairness, harmony, and joint welfare are key," (De Dreu, Nijstad, & van Knippenberg, 2008: 32).

Commercially dominant decision-makers will be concerned about whether they are pursuing attractively-priced shares in a quality investment deal—e.g., "There's no point having a lot of ownership of a crap deal" (commercially-dominant respondent, #123, VC Firm #7)—however, holding the quality of the venture constant, decision-makers with commercially-dominant mindsets will likely engage in a more aggressive assessment of the finance-related attributes of the proposal, wishing to reduce their costs and increase their benefits, in order to outperform their competitors (Pan et al., forthcoming; Sen, 2000).

Hence, we theorize that individuals with commercially-dominant mindsets are likely to think, within the range of plausibility, "the lower the better" (commercially-dominant respondent, #148, VC Firm #79). They will be more sensitive to issues of pricing and venture valuation; generally seeking out more value-for-money in their venture investment deals. Specifically, holding the size of the investment and all other attributes constant, as the venture's valuation decreases (within a reasonable range), the attractiveness of the hypothetical investment decision will increase more for individuals whose mindsets are commercially-dominant, relative to individuals whose mindsets are not commercially-dominant.

Hybrid mindsets and commercial investment value (in relation to venture valuation) (investment attribute 3). As we know, the individuals with a social-mindset are not motivated by personal gain (*motivation*). In fact, research has found that participants who identify with a larger group are more willing to restrict individual gain to preserve a collective good (Brewer & Kramer, 1986; Caporael, Dawes, Orbell, & Van de Kragt, 1989) (*relevant actors*). One of our respondents with a socially-dominant mindset, laughed out aloud while responding to an item in our questionnaire about wealth ambitions, viewing the pursuit of personal gain as irrelevant (*legitimate activities*),

> "*No [I do not invest to become rich], this is definitely a loss-making business. [...] Oh, it is… Anyone who does venture capital, who expects to make money is… is… is… doing the wrong thing. Especially in impact investment*" (Respondent #2, with socially-dominant mindset, Holding Company #1).

So far is the motivation to make money from a socially-dominant person's considerations that one respondent in fact expressed *embarrassment* that a large portion of her funds *combined* social goals with financial expectations,

> "*10% of our funding does not allow any financial return [grants], 40% of our funding seeks societal return and accepts financial return, while 50 percent, as sad as it is, is dedicated to projects which pursue financial and societal returns on equal footing*" (Respondent #59, with socially-dominant mindset, Not-for-profit #5)

Building on this motivation, we theorize that when considering valuation in investment proposals, those with a socially-dominant mindset will be more likely to accept higher venture share prices, to compensate another person, i.e., the founder. Their motivation and focus on others reveals their view of gain and loss, as being distinct from a self-interested process in which one should attempt to gain more control for the self, and less for others, as well as distinct from the notion of *commercial* value.

The following comment demonstrates, that, as expected, socially-dominant mindsets will also consider social value creation (Kroeger & Weber, 2015; Lingane & Olsen, 2004; Wang & Bansal, 2012), when evaluating decisions,

> *"If the [social] impact-related characteristics are high, I'd still be willing to look at a high-valuation startup. If the impact is low, but the valuation is high, I probably would not be willing to explore that further... unless the team was very strong. Then, clearly, high impact and low valuation is a conversation I'd like to keep going"* (Respondent #136, VC Firm #42).

The motivations, relevant actors and legitimizing activities associated with individuals with socially-dominant mindsets suggests that investment value will not be the most important venture attribute for individuals with socially-dominant mindsets. Nevertheless, we still expect individuals with socially-dominant mindsets to appreciate it when, holding the quality of the venture constant, the venture valuation decreases (within a reasonable range). Thus, we theorize that socially-dominant mindsets will positively moderate the relationship between investment value and the overall attractiveness of the hypothetical investment decision, such that as the venture valuation decreases (within a reasonable range), decision-makers with socially-dominant mindsets will increase their overall rating of the potential investment decision. However, given individuals with socially-dominant mindset's emphasis on non-financial—rather than financial—venture attributes, we expect that the overall attractiveness of the hypothetical investment decision should be more positive for individuals with commercially-dominant mindsets than for individuals with socially-dominant mindsets.

Hybrid mindsets and commercial investment value (in relation to venture valuation) (investment attribute 3). Although hybrid mindsets underline the importance of achieving both social and commercial goals (*motivation*), of addressing the needs of both their beneficiaries and their clients (*relevant actors*), and of complying with the rules of engagement of both social and commercial mindsets (*legitimate activities*), in reality, this task remains challenging. In the same way that we expect individuals with hybrid mindsets to slightly discount the importance of a venture's targeted social cause (relative to individuals with socially-dominant mindsets), we theorize that, when it comes to venture valuation, decision-makers with hybrid mindsets will slightly discount the importance of venture valuation (relative to individuals with commercially-dominant mindsets). Like individuals with socially-dominant mindsets, even if venture valuation is on the higher side of the plausible valuation spectrum, individuals with hybrid mindsets may be willing to pay the price to support and be part of a socially meaningful venture (*motivation)*. This discounting behavior represents the balancing act pursued by those with hybrid mindsets (Ashforth & Reingen, 2014; Battilana & Dorado, 2010; Smith & Besharov, 2017).

We see a mix of the two motivations in one of our respondents' spoken reaction to a questionnaire item,

> *"I want to be financially successful – earn fair pay, etc., but I don't want to get rich for myself. I don't have a problem being rich but for me, it's about being an example of a successful woman in business. [And showing others that] backing women in venture [has made] me successful."* (Respondent #138, VC Firm #72).

As this quote illustrates, individuals with hybrid mindsets do not reject the activity of financial gain, and even view it as a symbol of success, however, they do not prioritize it either (*legitimate activity*). On the other hand—as with individuals whose mindsets are socially-dominant—it is clear that the financial attribute is a *means* undertaken to support their mission, like, in this case, the female entrepreneurs (*relevant actors*). Like individuals with commercially-dominant mindsets, individuals with hybrid mindsets view financial matters, with some degree of pragmatism, while, like with individuals with socially-dominant mindsets, individuals with hybrid mindsets evaluate financial matters with some degree of morality (Liebrand, Jansen, Rijken, & Suhre, 1986).

Based on our reasoning on what the social-commercial hybrid mindset indicates as appropriate goals, relevant actors, and legitimate activities, we expect hybridity in mindsets to positively moderate the relationship between the venture's valuation and the attractiveness of the hypothetical investment decision. Namely, we theorize that as the venture's valuation decreases—within the range of a plausible valuation—the attractiveness of the potential investment decision will increase; however, the attractiveness of the potential investment decision will increase the most for individuals whose mindsets are commercially-dominant, followed by individuals with hybrid mindsets, and then by individuals whose mindsets are socially-dominant. We present our reasoning for this venture attribute in the following hypotheses:

Hypothesis 3a: *Social and commercial orientation in mindsets will moderate the relationship between* the venture's commercial investment value *and the overall attractiveness of the hypothetical investment proposal, such that, as the* venture's valuation *increases (within a plausible range), the overall attractiveness of the hypothetical investment proposal increases.*

Hypothesis 3b: *While the relationship between* the venture's commercial investment value *and the overall attractiveness of the hypothetical investment proposal will be positive, relative to individuals with socially-dominant mindsets, the relationship should be more positive* *for individuals with hybrid mindsets, and the most positive for individuals with commercially-dominant mindsets.*

Data and Methods

Research Design

To understand how individual mindsets affect the emphasis that different decision-makers place on investment proposal attributes, we asked over 150 respondents to assess a set of hypothetical investment decisions which we designed according to the conjoint experiment method (to be explained in this section). Accompanying this exercise was a pre- and post-assessment questionnaire, which allowed us to collect control variables and our moderating variables (the decision-maker's mindset orientation). By adopting this method, we address several critiques of empirical research on decision-making in organizational contexts. First, that it relies excessively on post-hoc methods—leading to recall bias and social-desirability bias (Eisenhardt, 1989b; Golden, 1992). Second, that decision-making research suffers from strong survivorship bias, i.e., "sampling on the dependent variable" (Berk, 1983; Denrell, 2005). Third, that decision-making research has struggled to demonstrate causation. And finally, that decision-making research is based on abstract experiments with low internal validity (Gibbert, Ruigrok, & Wicki, 2008).

We address the first potential risk—that decision-making research relies excessively on post-hoc methods—by using conjoint analysis, a method often used in marketing (Green, Krieger, & Wind, 2001; Green & Srinivasan, 1990) and investor decision-making (Shepherd & Zacharakis, 1999, 1997). In a conjoint experiment, we are able observe, in a controlled setting, how respondents react to complex scenarios (Green & Srinivasan, 1990), thereby shedding light on decision-making which is often quick, subconscious, and intuitive (Evans, 2003; Soon, Brass, Heinze, & Haynes, 2008). We can also observe potentially contentious decision-making where individual preferences might challenge contextual norms (e.g., a commercial perspective in a social environment), and therefore may be subtler, and harder to identity (McMullen & Shepherd, 2006; Shepherd, Patzelt, & Baron, 2013).

Used in decision-making studies across a variety of disciplines—e.g., energy (Byun, Shin, & Lee, 2018), nursing (Chester et al., 2018), management (Wang, Xu, & Wang, 2018), entrepreneurship (Warnick, Murnieks, McMullen, & Brooks, 2018)—as well as in a number of industry applications—e.g., the "next video" recommendation on video hosting websites (Orme, 2006)—conjoint analysis is useful because it allows us to go beyond what decision-makers think they do, and why decision-makers think they do what they do—the "espoused theories of action"—bringing the research closer to capturing the decision theories guiding decision-making while they are "in use" (Argyris & Schon, 1974).

Conjoint studies work by presenting respondents with a number of different scenarios varying along dimensions of theoretical interest (in our case: we designed investment proposals varying along specific investment proposal attributes). Respondents are asked either to indicate which *scenario* (i.e., rank)—or, *to which extent* a scenario (i.e., rate)—satisfies a certain condition. This output allows researchers to identify the weight each respondent places on a certain dimension. In our case, we followed the metric conjoint approach, asking respondents to directly rate each scenario (hypothetical investment decision) according to its attractiveness (Rao, 2014). We selected this type of conjoint method since it is consistent with our decision-making context of interest, in which decision-makers usually consider investment proposals deal-by-deal (Orme, 2006; Wittink & Cattin, 1989).

Although we used the metric conjoint approach, regardless of the type of conjoint experiment, scenarios are designed to be identical in every way except along 4-8 dimensions, selected for their centrality in the assessment task (Shepherd & Zacharakis, 1999). In one scenario, a respondent may view one dimension expressed in its "highest" form (e.g., a hypothetical investment decision is described as involving a venture that addresses a cause of high importance), or its "lowest" form (e.g., a hypothetical investment decision is described as involving a venture that addresses a cause of low importance). In our scenario, we heeded the recommendation to use a smaller number of categories (Shepherd & Patzelt, 2018), varying our dimensions only across the two categories, e.g., "high" and "low." However, other conjoint experiments sometimes feature three or four categories (also called "levels"), such as "low," "medium," "high".[131]

In our study, we asked respondents to assess the attractiveness of multiple investment proposals across the following six dimensions: four general venture-level attributes (importance of cause targeted by venture, interdependence of revenue-generating and cause-related activity, ease of measurement of cause-related progress, and venture valuation), and two team-related venture-level attributes (team business experience and team cause-related experience). As recommended in the literature, we selected a symmetric design, meaning that each attribute varies according to the same number of levels (in our case: two); consequently, there were 64 possible profile combinations.

To avoid decision fatigue among respondents, we did not show all possible combinations of each scenario, as is recommended (Kuhfeld, 2005), instead, we followed the common practice of using a fractional-

[131] There is also an emerging method, called adaptive choice-based conjoint, which continually proposes new categories with the use of a learning algorithm, however, to have full control over our parameters, we did not use this method.

factorial experiment design. The exact number of scenarios presented to the respondents—and *which* scenarios (also called "runs")—depends on: the number of dimensions selected, the number of levels in each dimension, the type of conjoint experiment conducted (e.g., ratings-based conjoint, discrete choice-based conjoint, adaptive choice-based conjoint, hybrid types, etc.), and the type[132] of statistical analysis the research wishes to run on the data (Elrod, Louviere, & Davey, 1992). There are multiple experiment designs available, which can be adapted to each studies' needs, however, an orthogonal design is ideal. This ensures parsimony (only the scenarios statistically required to make a prediction about the respondents' decision-making), zero covariance between dimensions, and balance (each dimension level is expressed with levels of other dimensions an equal number of times). To select which scenarios to include in our study we followed the recommendation to consult catalogs of orthogonal designs (also called an "atlas"), and selected an experimental plan from the Hahn and Shapiro (1966) catalog (Green & Srinivasan, 1990; Rao, 2014).

Following the conjoint method, we thereby address the second critique of empirical decision-making research—survivorship bias (Denrell, 2005). Our fractional-factorial design, based on an established experimental design (Hahn & Shapiro, 1966) is balanced, meaning that the 16 scenarios viewed by the participants expressed each dimension in its "high" form and its "low" form an equal number of times, including scenarios which were all "high" or all "low." This is important because it means attractive scenarios and unattractive scenarios were presented in equal measure, allowing us to observe decision-making in situations which may be less likely to "survive" long enough to be observed in other research settings, thereby avoiding survivorship bias.

Third, our experimental design allows us to infer causation between investment proposal attribute variation and respondent decision-making. First of all, our experimental design allowed us to control for each dimension's main effects in estimating each respondent's overall attractiveness assessment (for all hypothetical investment decisions) (Rao, 2014). Secondly, by using a within-subject/repeated measures design, we are able to isolate and observe the direct effect of each dimension on decision-makers' investment proposal assessments. To eliminate scenario-order effects from our design, we programed our software to randomize the order in which the investment proposals appeared (Chrzan, 1994; Rao, 2014).

Fourth, while we were not able to re-create the full investor-entrepreneur relationship in each of our scenarios, we went to great lengths to increase the ecological validity of our scenarios, as recommended by Rao (2014). We conducted extensive fieldwork prior to designing our investment decision scenarios across a number of different firms and

[132] Key to making this decision is determining the number of interactions the researcher wishes to run between the dimensions.

industries (45 semi-structured interviews with investors, entrepreneurs and other informants, with an average duration of 41 minutes), in order to determine the venture attributes considered to be key to an investment decision (required for the effectiveness of the method) (Shepherd & Zacharakis, 1999). This process, for example, led us to add venture valuation, an ecological validity-enhancing detail which was not highlighted in the literature. Moreover, we believe we strike a balance between achieving ecological validity and conducting the assessment exercises in a consistent, abstracted way, allowing us to increase our external validity.

For example, 95% of the exercises were conducted by the first author,[133] wherein each respondent was introduced to the assessment exercise and the first three investment proposals in the same way. I presented respondents with written instructions on my touch-screen laptop and walked them through each point. I said "in this section, please imagine that you are reviewing information on venture investment proposals compiled by a trusted source"; "you can assume all of the ventures in this exercise are exactly the same in every way, and would fit in well in the context of your own investment activities and the current economic environment"; "specifically, the ventures in the investment proposals are from a trusted source, have reputable co-investors (if you need them), there are no conflicts of interest with your current portfolio"; "all the ventures are in an appropriate location and have appropriate risk levels"; "however, the ventures *will* vary across these six attributes" [scroll to display all six attributes and levels]; "each of these attributes will be expressed along two levels, only, for example, 'low' and 'high' or 'weak' and 'strong'"; "after viewing each proposal, we will ask you to rate it according to its attractiveness from 'extremely low' to 'extremely high'"; "here is an example of what a proposal will look like"; "here is the first assessment exercise." It took participants as little as 25 minutes to complete both the assessment exercise (22 proposal assessments [including 6 replications]) and the pre- and post- assessment questionnaires (45 minutes on average). However, one respondent, wishing to elaborate on each aspect of his decision-making spent 2 hours with the first author.

Next, we also tested our respondents for internal consistency (reliability) by including replications of six of the 16 scenarios in the assessment exercise without the respondents' knowledge (in total we presented 22 scenarios, plus 1 practice scenario at the beginning [excluded from analysis]). The original scenarios were located at the beginning of the exercise and the replicated scenarios at the end. Our overall sample had a mean-test-retest reliability of .91; our lowest value of 0.56 is still above the 0.30 threshold used in a recent study (Shepherd et al., 2013).

---

[133] Five percent of our sample opted to complete our survey on their own using the online portal.

Finally we also conducted numerous manipulation tests to determine whether our respondents understood the nature of the exercise and the content of the cues. We asked respondents to comment on their experience following the assessment exercise, and asked them, following the exercise to rate the extent that each venture attribute was important to them on a Likert scale (1 = "Extremely unimportant", 7 = "Extremely important"),

Sample

Our sampling frame included individuals who directly financed young, privately-owned (i.e., unlisted), revenue-generating organizations addressing explicit or implicit social missions (e.g., venture capitalists, impact investors, foundations, etc.). Given the elusiveness of this population, we relied on personal relationships and warm introductions from the study participants and other mutual contacts to access this population (Orme, 2006). Respondents were first- or second-degree contacts of this author, attendees of social business and technology startup events (European Venture Philanthropy Association 2017, Global Impact Investing Network Investor Forum 2016, Hello Tomorrow Conference - Paris 2017, Sandbox Network Summit 2017, Slush - Helsinki 2017, TechCrunch Berlin 2017), or participants of Swiss social entrepreneurship or technology startup networks , such as the >>venture>> competition (third-degree contacts of this author).

We contacted the respondents and their contacts, in-person, by email, LinkedIn and Facebook over a 3-month period, explaining the purpose of the study and asking whether they—or someone they knew—would be interested in participating in the study. Although we relied on online survey software to administer the questionnaires and assessment exercise, to increase participation, maintain respondent interest, and ensure high reliability (Rao, 2014), 95% of respondents participated in our assessment exercise in-person, or, by video-conference with screen-sharing with the first author. Respondents who agreed to participate, but did not set an appointment were re-contacted by email or LinkedIn every 2 weeks. Unresponsive individuals were thereafter re-contacted by email every 3 weeks. Respondents were assured that their responses would be fully-anonymized. In return for their voluntary participation, we offered the respondents the possibility of receiving a report of their decision-making preferences, an executive summary of this study, and public acknowledgement on the website of the first author's research group.

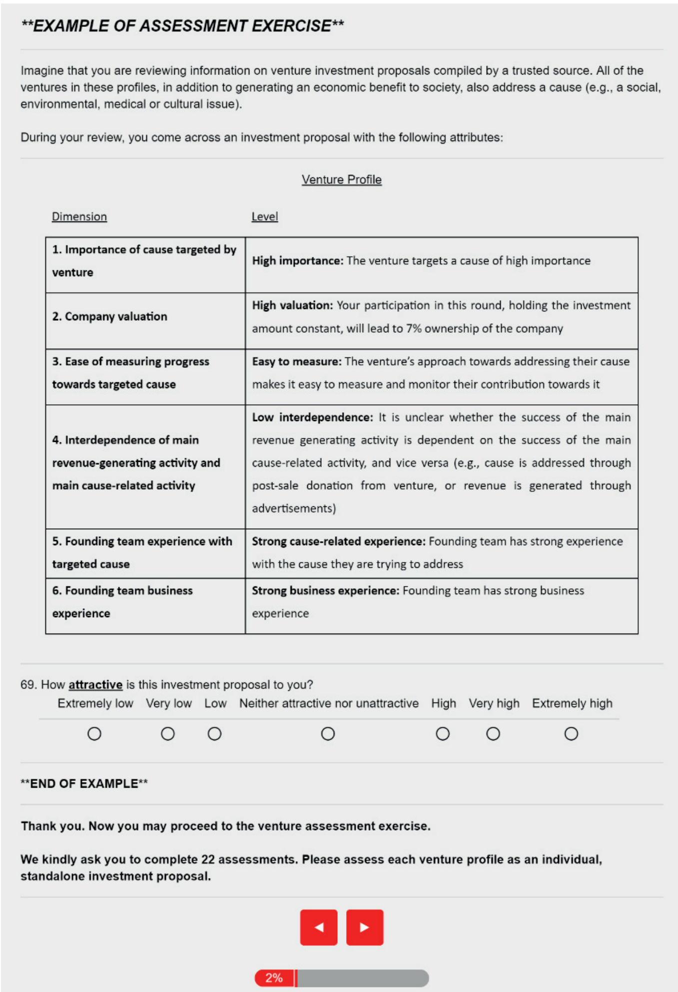
Out of 270 decision-makers contacted, 70 did not respond, 182 agreed to participate (67%), 160 began the questionnaire (59%), and 154 completed it within our data collection timeframe, resulting in a 57% response rate, and a sample which meets the guidelines for a robust analysis (Orme, 2006). For reference, a recent conjoint analysis published in the Academy of Management Journal was based on 83 respondents. A review of conjoint analyses published in top journals between 1999 and 2009 indicates a range of 31-300 respondents (*mean* = 82).

Five respondents completed part of the assessment exercise and post-assessment questionnaire independently due to technical or scheduling issues, while eight respondents (5%) preferred to complete the entire exercise independently. Twelve people refused to participate citing lack-of-fit (not involved in screening decisions, not investing anymore), lack of time (deadlines, travels), or the length of the survey. One of these 12 people referred us to his colleague instead. At the end of our data collection period, we cancelled upcoming interviews (10%) and stopped following up with unresponsive individuals. We tested for differences in reliability between early and late respondents, and between respondents who were walked through the survey versus those who completed it independently, and found that they were insignificant (p = .171, p =.592, respectively). Moreover, social desirability bias which may have occurred during our walkthroughs did not have a significant effect on any of our measures for mindset orientation (p > .05).

The respondents' average age was 37 (*s.d.*= 10) and 30 percent of the sample were women. In our sample, 65 percent held a master's degree or higher; 51 percent studied business management; 39 studied finance, accounting or economics; 27 percent studied science and technology; and 31 percent studied humanities, or another field (note: our respondents may have had more than one specialization). On average, respondents had 9 years of managerial working in investment (*s.d.* = 8.4); 4 years of experience working in the social sector (s.*d.* = 5.3) and 8 years of experience in investment (e.g., finance, banking, public or private markets) (*s.d.* = 6.8). 69 percent of our respondents had entrepreneurial experience (*mean* = *6*, *s.d.* = 7.2), as well. 70 percent of our sample's investment activity was based primarily in Europe, although their investment activities were usually not limited to a single continent. Our sample was comprised of 31 independent investors (20%), and 123 decision-makers representing a fund (80%). The average firm in our sample was 13 years old (*s.d.* = 27.2) and had 20 investment professionals (*s.d.* = 42.1). The range of industries of interest to our respondents included software, hardware, medical devices and consumer products, with the majority of respondents citing no area of specialization (83%). 52 percent of respondents indicated that the priority in their investment mandate was to prioritize financial returns, while 40 percent of respondents said they allocated at least part of their funding investments which pursue a social mission mandate and a financial return mandate on equal footing.

Variables and Measures

Level 1: Attractiveness of hypothetical investment decision. We obtained 22 assessments of investment proposal attractiveness for scenarios varying across the following 6 investment proposal attributes (16 original profiles and 6 replications): (1) Importance of cause targeted by venture, (2) Interdependence of revenue-generating and cause-related activity, and (3) Venture valuation, which were the dimensions of theoretical interest to this study, and we controlled for (4) Team cause-related experience, (5) Team business experience and (6) Ease of measurement of cause-related progress (for more details on our level-1 controls, see the controls section below). Using 22 attractiveness scores indicated by each respondent for each hypothetical investment decision, we calculated the weight which each respondent implicitly assigned to each investment proposal attribute, which served as our level-1 variables (e.g., weight assigned to attribute 1, to attribute 2, etc.).


****EXAMPLE OF ASSESSMENT EXERCISE****

Imagine that you are reviewing information on venture investment proposals compiled by a trusted source. All of the ventures in these profiles, in addition to generating an economic benefit to society, also address a cause (e.g., a social, environmental, medical or cultural issue).

During your review, you come across an investment proposal with the following attributes:

Venture Profile

Dimension	Level
1. Importance of cause targeted by venture	**High importance:** The venture targets a cause of high importance
2. Company valuation	**High valuation:** Your participation in this round, holding the investment amount constant, will lead to 7% ownership of the company
3. Ease of measuring progress towards targeted cause	**Easy to measure:** The venture's approach towards addressing their cause makes it easy to measure and monitor their contribution towards it
4. Interdependence of main revenue-generating activity and main cause-related activity	**Low interdependence:** It is unclear whether the success of the main revenue generating activity is dependent on the success of the main cause-related activity, and vice versa (e.g., cause is addressed through post-sale donation from venture, or revenue is generated through advertisements)
5. Founding team experience with targeted cause	**Strong cause-related experience:** Founding team has strong experience with the cause they are trying to address
6. Founding team business experience	**Strong business experience:** Founding team has strong business experience

69. How **attractive** is this investment proposal to you?

Extremely low | Very low | Low | Neither attractive nor unattractive | High | Very high | Extremely high

****END OF EXAMPLE****

Thank you. Now you may proceed to the venture assessment exercise.

We kindly ask you to complete 22 assessments. Please assess each venture profile as an individual, standalone investment proposal.

2%

Figure 39: Example of hypothetical investment decision we asked respondents to evaluate

We detailed the three dimensions of interest for respondents at two levels, and coded them according to standard conjoint practice:

(1) *Importance of cause targeted by the venture* was high—the venture targets a cause of high importance (coded .5); or low—the venture targets a cause of low importance (contrast coded -.5).

(2) *Interdependence of revenue-generating and cause-related activity* was high—the main revenue generating activity is highly dependent on the main cause-related activity, and vice versa (e.g., cause is addressed through primary business activity, integrated in use of product/service, or its production, delivery, and marketing) (coded .5), or low—it is unclear whether the success of the main revenue generating activity is dependent on the success of the main cause-related activity, and vice versa (e.g., cause

is addressed through post-sale donation from venture, or revenue is generated through advertisements) (coded -.5).

(3) *Company valuation* is low—your participation in this round, holding the investment amount constant, will lead to 15% ownership of the company (coded .5); or high—your participation in this round, holding the investment amount constant, will lead to 7% ownership of the company (coded -.5).[134]

The following text was presented to each participant on a laptop, and read out for the first investment proposal assessment: "please imagine that that you are reviewing information on venture investment proposals compiled by a trusted source. All of the ventures in these profiles, in addition to generating an economic benefit to society, also address a cause (e.g., a social, environmental, medical or cultural issue). During your review, you come across an investment proposal with the following attributes:" The first author then indicated to the respondent that they would be reviewing the following proposal. Once they were done reading the proposal, the first author pointed to the 7-point Likert scale (1 = "Extremely low", 7 = "Extremely high"), and asked them, "Given these attributes, how attractive do you find this investment proposal?" (see also: Figure 40).

Level 2: Decision-maker mindset orientation. To avoid priming our respondents before their assessment exercise (Molinsky, Grant, & Margolis, 2012; Welsh & Ordonez, 2013), or revealing the identity-related focus of our study, which can lead to social desirability bias, we asked respondents to respond to mindset-related questions in our *post*-assessment questionnaire. Seeking to capture how decision-makers viewed the world and their place in the world, we relied on a validated scale, created to measure founder social identity (Sieger et al., 2016). The original scale offers 6 items for each social identity: the self-focused identity, other-focused identity (known others), and, other other-focused identity (unknown others). Because of the prevailing norm among investors that focusing investment activities in your friends' companies is bad (Gompers, Mukharlyamov, & Xuan, 2012), we focused only on items for the self-focused identity (Darwinian), and, the unknown-others-focused identity (Missionary). Because the key constructs of this social identity scale are *social motivation, frame of reference and basis for self-evaluation*, we felt confident using this scale to capture the key constructs present in the literature on social and commercial mindsets across social psychology and institutional theory, namely, the constructs of *motivation* (e.g., goal, mission), *relevant actors* (i.e., relevant actors, frame of reference, target

[134] We coded low company valuation as .5 (rather than -.5), because, as per our theoretical development, lower company valuation, holding other venture attributes constant, indicates higher investment value, an attractive feature (hence, coded positively). Moreover, we use a plausible range of ownership share for our target respondents as a proxy for valuation in a denomination, to avoid having to factor in factors such as, currency risk (an evaluation criterion for investment funds investing in emerging markets) or valuation differences between investment ecosystems.

client population), and *legitimizing activities* (i.e., values, guidelines for self-evaluation, rules of engagement).

For each social identity, the items captured the extent to which participants agreed with statements related to why they invest (basic social motivation), what is very important to them as an investor (basis for self-evaluation), and what is important to them when managing their investment practice (frame of reference). We used a balanced 7-point Likert scale to capture their sentiments (1 = "strongly disagree", 7 = "strong agree"). We adapted the items by changing the statements to the present tense (our participants were already decision-makers, not in the process of becoming decision-makers), and replacing terms like "create my firm," "firm," and "firm founder" with "invest," "investment practice," and "investor". When discussing with the creators of the social identity scale, we decided to incorporate an additional item into the commercial mindset's social motivation measures from the authors' updated, expanded version (see Appendix). We ran our analyses with the original 18-item scale and our 19-item scale and did not find any substantial differences. The scale was internally reliable (Cronbach's alpha =.74 [commercial mindset], and =.81 [social mindset]).

For our moderating variables, we created three dummy variables indicating if a mindset was socially-dominant hybrid, commercially-dominant hybrid or a general hybrid. These variables were calculated using the decision-makers' mean item scores for their self-focused identity and their unknown-other-focused identity (separate measures, continuous variables). If decision-maker's unknown-other-focused identity score was greater than 4 (out of 7), we considered them to be socially-dominant hybrids, assigning them a value of one. To further increase the robustness of this measure, we replaced this value with zero if the difference between

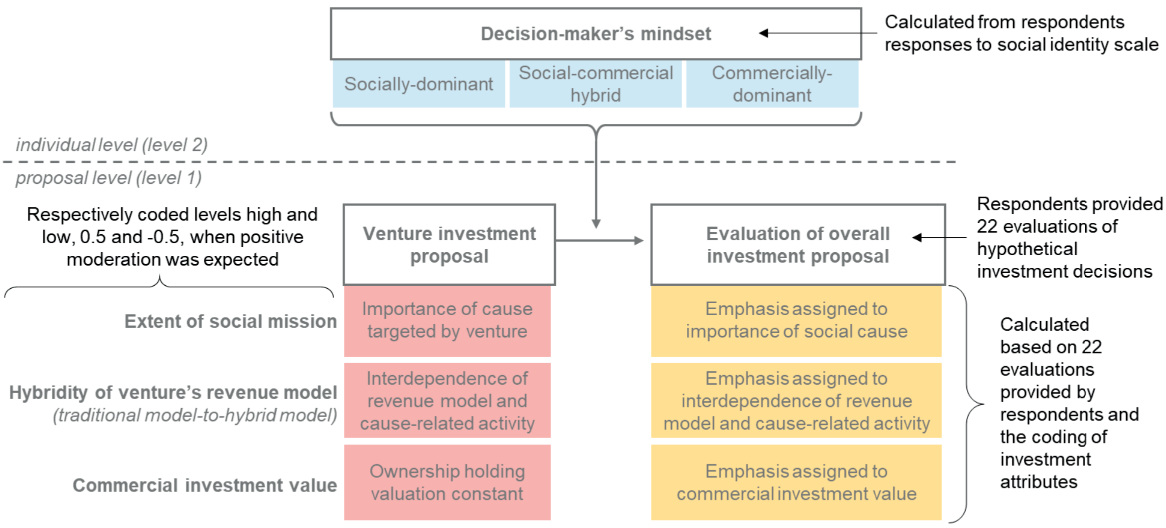


Figure 40: Sources of data for constructs in theoretical model

the unknown-other-focused identity score and the self-focused identity score was .5 or less (as this would have indicated a high level of hybridity). If a decision-maker's self-focused identity score was greater than 4 (out of 7), we considered them to be commercially-dominant hybrids, assigning them a value of one. Similarly, to further increase the robustness of this measure, we replaced this value with zero if the difference between the unknown-other-focused identity score and the self-focused identity score was .5 or less (as this would have indicated a high level of hybridity). We also created a dummy to indicate that the decision-maker had a general hybrid mindset. In this case, we assigned this dummy a value of one if the difference between their mean item scores for their self-focused identity and their unknown-other-focused identity was less than 2.

Control variables. In our analysis, we introduced a number of individual-level and firm-level controls, including: gender, years of investment experience, geography, type of firm and decision-makers' resources. We controlled for gender due to known differences towards risk-taking (Powell & Ansic, 1997). We control for years of investment experience because experience can affect decision-making (Franke, Gruber, Harhoff, & Henkel, 2008; Patzelt, zu Knyphausen-Aufess, & Fischer, 2009; Shepherd, Zacharakis, & Baron, 2003). To control for cultural factors (Han & Shavitt, 1994; Harb & Smith, 2008) and other institutional factors (Grilli & Murtinu, 2014; Li, Vertinsky, & Li, 2014; Nofsinger & Wang, 2011), we control for geography and firm type (more details to follow). Finally, because past studies have tended to control for firm size due to the variation in access to resources, and because our population of interest increasingly relies on distributed teams, contractors, or firm affiliates which are not technically employed by the fund, we chose to control for the resources that decision-makers directly have on hand, via the mean investment amount (also called "ticket size").

Given that these are common topics usually present in the decision-maker's investment context, we felt comfortable collecting the following control variables in the pre-assessment questionnaire: their gender (0 = female, 1 = male), years of investment experience, country in which they or their firm (if applicable) was based (0 = non-European base, 1 = European base), and their usual ticket size. To increase respondents' willingness to share financial figures with us, avoid social desirability bias, and better capture the range of ticket sizes deployed by decision-makers, we avoided directly asking respondents their ticket size. Instead, we asked respondents to indicate, on a 7-point Likert scale (1 = "never," 7 = "almost always"), how frequently their investment tickets have fallen within the following buckets (all amounts in Euros): "Under 15,000"; '15,001-50,000"; "50,001-300,000"; "300,001-1,000,000"; "1,000,001-5,000,000; 5,000,001-7,000,000. We then matched the decision-maker's highest rating (e.g., 6 = "very often") to the appropriate bucket, took the middle point of that range as the average ticket size, and divided by 1,000. In the case that respondents indicated the same highest rating across multiple buckets, we took the average of each of the buckets indicated and divided by 1,000. Four out of 154 respondents indicated equal levels of engagements in both European and non-European locations. Given that they did cover European areas, we coded these four respondents as European-based (the other respondents had their base or headquarters wholly in or out of European countries). To control for the different social expectations and financial expectations decision-makers may feel due to financial instruments used or the source of their investment capital (e.g., donors or investors), we created a dummy variable indicating respondents who responded to our survey as a representative of a VC, micro VC, or Private Equity firm (0 = all others/non-VC-type firm, 1 = VC-type-firm).

In this study we focused on three investment proposal attributes because of their general relevance and salience to the three mindsets under investigation. However, we also control for the respondents' evaluations for the following venture attributes at level 1, described to the respondents in the following ways:

(1) *Founding team experience with targeted cause* was strong—Founding team has strong experience with the cause they are trying to address (coded .5); or weak—Founding team has weak experience with the cause they are trying to address (contrast coded -.5).

(2) *Founding team business experience* was strong—Founding team has strong business experience (coded .5); or weak—Founding team has weak business experience (coded -.5).

(3) *Ease of measurement of cause-related progress* was easy to measure—The venture's approach towards addressing their cause makes it easy to measure and monitor their contribution towards it (coded .5); or difficult to measure—The venture's approach towards addressing their cause makes it difficult to measure and monitor their contribution towards it (coded -.5).

Analysis and Results

154 respondents evaluating 22 proposals yielded 3,388 observations on Level 1 (investment proposal assessment) and 154 observations on Level 2 (individual attributes). Because one level of our data (the assessment) is nested within a second level (the individual), we estimate our model using Restricted Maximum Likelihood in our Hierarchical Linear Modeling software to account for autocorrelation and heteroskedasticity which can result from using multiple ratings from the same user (Raudenbush & Bryk, 2002). As per the recommendation for studying the impact of a Level-2 predictor on a Level-1 outcome, we centered Level-1 variables (weight assigned to attribute 1, 2, etc.) around the group mean, and added Level-2 variables as a raw metric, uncentered (Enders & Tofighi, 2007: 132–134; Hofmann & Gavin, 1998: 636–637).

Table 39 displays the mean, standard deviations and correlations of the individual-level variables (i.e., Level 2; given the orthogonal design, there is zero correlation among Level-1 variables). Most of the correlations are low (under |0.4|). Given some significant correlations, we calculated the Variance Inflation Factors (VIF) and the conditions statistics. The highest VIF is below the suggested threshold of 10.0, at 1.77 (*mean* = 1.27 (Kutner, Nachtsheim, & Neter, 2004), and the condition index is below the suggested threshold of 30.0 (Belsley, 1991), at 11.1.

	M	SD	1	2	3	4	5	6	7
1. Gender[a]	0.701	0.459							
2. Investment experience (years)	7.760	6.769	0.1639*						
3. Average ticket size (1000s of Euros)	1523	2023	0.0548	-0.0114					
4. Firm Type[b]	0.383	0.488	0.0182	-0.0709	0.284***				
5. European-based[c]	0.734	0.443	0.1205	0.1027	0.0498	-0.1297			
6. Commercially-dominant mindset[d]	0.195	0.397	0.0702	0.0758	0.332***	0.1183	-0.0005		
7. Socially dominant mindset[e]	0.584	.494	0.0254	-0.03	-0.1768*	-0.1756*	-0.0012	-0.58***	
8. Hybrid mindset[f]	0.727	0.447	-0.0811	-0.0175	-0.0066	-0.0273	0.027	0.0067	-0.28***

n = 154 (socially-dominant = 90, commercially-dominant = 30, hybrid = 112)
Note: [a]1=male, 0=female; [b]1=VC, micro VC or Private Equity Firm, 0 = Other firms, or no firm; [c]1=Base in Europe, 0=Base outside Europe; [d]1=commercially-dominant, 0=not commercially-dominant; [e]1=socially-dominant, 0=not socially-dominant; [f]1=hybrid, 0=not hybrid; **p* < .05, ***p* < .01; ****p* < .001

Table 39: Means, Standard Deviations, and Correlations for Level 2 Variables

In Table 40, we report the results of our analysis. Row 1 indicates the intercept for each model. In rows 2-6 we report the main effects of Level-2 controls (individual level variables) on decision-makers' evaluations of investment decisions. In rows 7-9, we do the same for the main effects of Level-1 controls (investment proposal attributes). In rows 10-12, we report the main effects of our three mindsets of interests on decision-makers' evaluations of investment decisions, followed by the main effects of our proposal attributes of interest—extent of venture's social mission, hybridity of revenue model, and investment value—in rows 13-15. In the last section, rows 16-24, we report the moderating effects of the mindset orientations on the relationship between the attributes of interest and the overall investment decision evaluation. In Model 1 and Model 2, the coefficients for all six venture attributes (rows 7-9 and 13-15) are positive and significant ($p < .001$), indicating that all six dimensions play a positive, important role in increasing the attractiveness of the investment proposal. For the focal attributes, this indicates that a significant majority of respondents preferred investment proposals which featured ventures which addressed a cause of high importance, had a highly interdependent revenue-generating and cause-related activity, and offered high investment value, thereby validating our selected dimensions and research design.

In Model 3, with regards to the moderating impact of individual mindsets on the relationship between the extent of a venture's social mission and the evaluation of the investment decision, we find the following: Providing partial support for Hypothesis 1a, simple slope analyses indicated that the relation between the venture attribute and the overall evaluation of the investment decision is positive and statistically significant from zero for individuals with socially-dominant mindsets, but not for hybrid mindsets, or commercially-dominant mindsets, as indicated in rows 16-18. As illustrated in Figure 41, this indicates that as the extent of the social mission increases, so does the attractiveness of the evaluation of the investment decision, however, it does so more for individuals with a socially-dominant mindset, than for individuals without a socially-dominant mindset. This lends partial support for Hypothesis 1b, which proposes that individuals with socially-dominant mindsets would be most affected (i.e., the slope would be most positive) by a change in the venture's social mission from low to high.

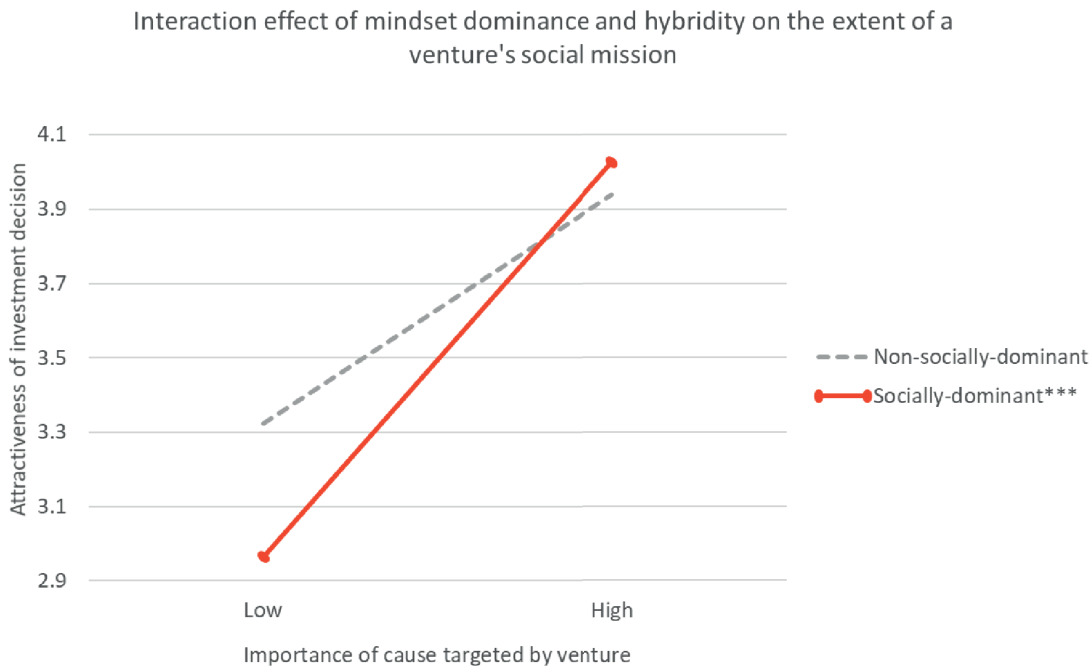


Figure 41: Interaction effect of mindset dominance on the extent of a venture's social mission

Hypothesis 1b further postulates that when mindsets are socially-dominant, the slope generated for the relationship between the extent of the venture's social mission and the evaluation of the investment decision would be significantly different (i.e., more positive) from the slope created when mindsets are hybrid. Furthermore, when mindsets are hybrid, Hypothesis 1b indicates that the slope generated for the same relationship will be significantly different (i.e., more positive) from the slope created when mindsets are commercially-dominant (i.e., socially-dominant slope > hybrid > commercially-dominant slope).

Row	Variables	Model 1			Model 2			Model 3		
		Controls (Level 1 & 2)			Controls with Independent Variable			Full Model (Controls, Independent Variable and 2-way Interactions)		
		B	SE	P	B	SE	P	B	SE	P
1	**Intercept**	3.598***	0.091	<0.001	3.741***	0.306	<0.001	3.741***	0.151	<0.001
	Controls									
2	**Gender**	-0.091	0.077	0.237	-0.088	0.075	0.299	-0.088	0.076	0.249
3	**Investment experience (years)**	-0.008	0.006	0.140	-0.009†	0.005	0.062	-0.009	0.006	0.139
4	**Firm type (dummy)**	0.059	0.077	0.444	0.039	0.078	0.273	0.039	0.079	0.621
5	**European-based (dummy)**	0.097	0.088	0.270	0.096	0.086	0.288	0.096	0.090	0.286
6	**Average ticket size (1000s of Euros)**	0.000	0.000	0.752	0.000	0.000	0.876	0.000	0.000	0.665
	Attractiveness of…									
7	**Team cause-related experience**	1.151***	0.050	<0.001	0.969***	0.048	<0.001	0.969***	0.048	<0.001
8	**Team business experience**	1.688***	0.061	<0.001	1.458***	0.063	<0.001	1.458***	0.063	<0.001
9	**Ease of measurement of cause-related progress**	0.551***	0.030	<0.001	0.439***	0.029	<0.001	0.439***	0.029	<0.001
	Main effects									
10	**Commercially-dominant mindset (dummy)**				-0.038	0.095	0.689	-0.038	0.095	0.689
11	**Socially-dominant mindset (dummy)**				-0.137	0.095	0.152	-0.137	0.095	0.152
12	**Hybrid mindset (dummy)**				-0.059	0.086	0.493	-0.059	0.086	0.493
	Attractiveness of…									
13	**Extent of venture's social mission**				0.878***	0.064	<0.001	1.070***	0.230	<0.001
14	**Hybridity of venture revenue model**				0.656***	0.061	<0.001	0.322	0.215	0.134
15	**Commercial investment value**				0.352***	0.044	<0.001	0.101	0.178	0.569
	Two-way interactions									
	Extent of venture's social mission x									
16	**Commercially-dominant mindset (dummy)**							0.046	0.150	0.758
17	**Socially-dominant mindset (dummy)**							0.432***	0.128	<0.001
18	**Hybrid mindset (dummy)**							-0.367*	0.146	0.012
	Hybridity of venture revenue model x									
19	**Commercially-dominant mindset (dummy)**							0.134	0.166	0.419
20	**Socially-dominant mindset (dummy)**							0.591***	0.137	<0.001
21	**Hybrid mindset (dummy)**							0.025	0.141	0.859
	Commercial investment value x									
22	**Commercially-dominant mindset (dummy)**							-0.112	0.128	0.381
23	**Socially-dominant mindset (dummy)**							-0.300*	0.121	0.013
24	**Hybrid mindset (dummy)**							0.196*	0.098	0.046
25	$\chi2$	496.55***		<0.001	635.40***		<0.001	669.58***		<0.001

*Note: †p <.10, *p < .05, **p < .01; ***p < .001*

Table 40: The role of mindset orientation on the evaluation of investment decisions

In support of the Hypothesis 1b, results of a multivariate slope test showed that when mindsets are socially-dominant, the slope for the relationship between the extent of the venture's social mission and the evaluation of the investment decision was in fact statistically significantly more positive than the slope created when mindsets were hybrid (x^2 [2] = 23.35, $p < .001$), as indicated in Table 41.[135] Also in support of the Hypothesis 1b, results of a multivariate slope test showed that when mindsets are socially-dominant, the slope for this relationship was in fact statistically significantly more positive than the slope created when mindsets were commercially-dominant (x^2 [2] = 15.08, $p < .001$). However, failing to support Hypothesis 1b, no statistically significant difference emerged between the slope when mindsets were hybrid, and the slope when mindsets were commercially-dominant. Thus, we validate that there is a more positive relationship (regarding the venture's social mission and investment evaluation) when mindsets are socially-dominant versus when mindsets are hybrid or commercially-dominant, but we cannot validate that there is a more positive relationship (regarding the venture's social mission and investment evaluation) when mindsets are hybrid versus when mindsets are commercially-dominant. Therefore, Hypothesis 1b was only partially supported. We illustrate these slopes in Figure 42.

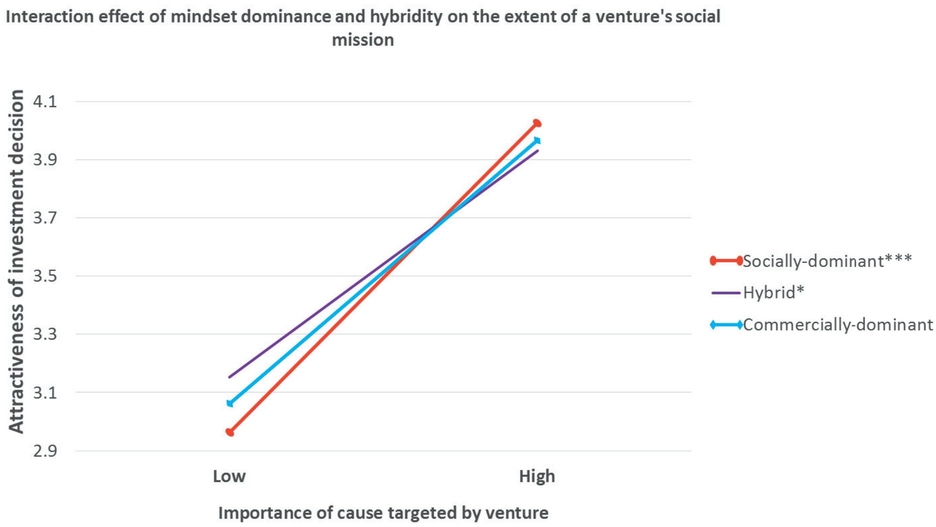


Figure 42: Interaction effect of mindset dominance and hybridity on the extent of a venture's social mission

With regards to the moderating impact of individual mindsets on the relationship between the hybridity of a venture's revenue model and the evaluation of the investment decision, we find the following: Providing partial support for Hypothesis 2a, simple slope analyses indicated that the relation between the venture attribute and the overall evaluation of the

[135] We used the multivariate Wald Chi-Squared Test provided by Raudenbush and colleagues (2011), which follows Agresti's (2003) recommendation based on larger sample sizes. We compared the x^2 critical values based on p value and degrees of freedom cut-offs using Piegorsch's (2002) table.

investment decision is positive and statistically significant from zero for individuals with socially-dominant mindsets, but not for hybrid mindsets or commercially-dominant mindsets (see rows 19-21 of Table 40). We illustrate these slopes in Figure 43.

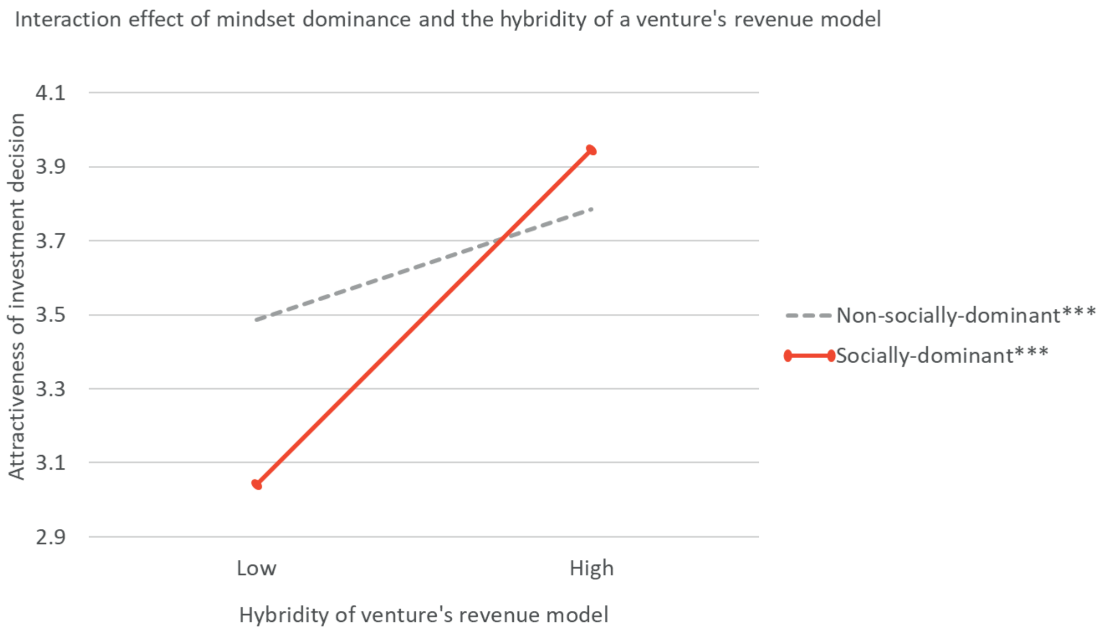


Figure 43: Interaction effect of mindset dominance on the hybridity of a venture's revenue model

Hypothesis 2b postulates that *when mindsets are hybrid*, the slope generated for the relationship between the extent of the hybridity of a venture's revenue model and the evaluation of the investment decision would be significantly different (i.e., more positive) from the slope created *when mindsets are socially-dominant*. Furthermore, Hypothesis 2 indicates that *when mindsets are* socially-*dominant*, the slope generated for the same relationship would be significantly different (i.e., more positive) from the slope created *when mindsets are* commercially-*dominant* (i.e., hybrid mindset slope > socially-dominant > commercially-dominant slope).

In support of Hypothesis 2b, results of a multivariate slope test showed that *when mindsets are commercially-dominant*, the slope explaining the relationship between the hybridity of a venture's revenue model and the evaluation of the investment decision was in fact statistically significantly *more positive* than the slope created *when mindsets were socially-dominant dominant* (x^2 [2] = 20.21, p < .001).

However, challenging Hypothesis 2b, results of a multivariate slope test showed that *when mindsets are socially-dominant*, the slope for this relationship was in fact statistically significantly more positive than the slope created *when mindsets were hybrid* (x^2 [2] = 25.73, p < .001), indicating that individuals who are socially-dominant will care more that a venture has a reinforcing business model (versus a traditional parallel set of activities) than individuals with hybrid mindsets. While we had argued that socially-dominant decision-makers would place less emphasis on hybrid revenue models (compared to generally hybrid mindsets), evidence suggests that the contrary could be true.

Next, failing to support Hypothesis 2b, no statistically significant difference emerged between the slope when mindsets were hybrid and the slope when mindsets were commercially-dominant. Thus, we validate that there is a more positive relationship (regarding the hybridity of the venture's revenue model and investment evaluation) when mindsets are socially-dominant versus when mindsets are commercially-dominant, but we challenge the hypothesis that there is a more positive relationship (regarding the hybridity of the venture's revenue model and investment evaluation) when mindsets are hybrid versus when mindsets are socially-dominant. Thus, Hypothesis 2b was also only partially supported. These slopes are displayed in Figure 44.

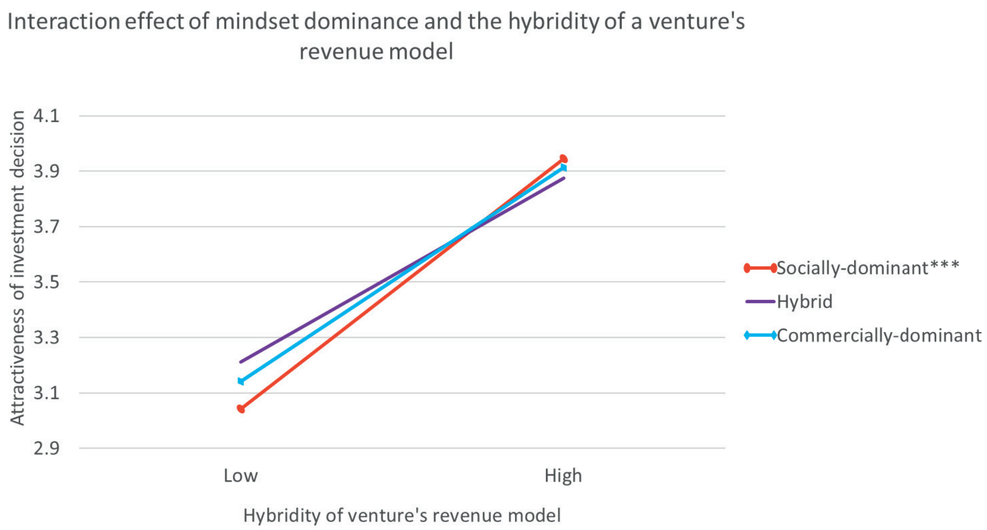


Figure 44: Interaction effect of mindset dominance and hybridity on the hybridity of a venture's revenue model

Finally, with regards to the moderating impact of individual mindsets on the relationship between the commercial investment value and the evaluation of the investment decision, we find, from simple slope analyses, that the relation between the venture attribute and the overall evaluation of the investment decision is not statistically significant from zero for all three mindsets tested, failing to support Hypothesis 3a.

Hypothesis 3b postulates that slopes generated for the relationship between the commercial investment value and the evaluation of the investment decision when individuals possess different mindsets will be statistically different from each other (i.e., commercially-dominant slope > hybrid > socially-dominant slope). As indicated in Table 44, results of a multivariate slope test showed that *when mindsets are hybrid*, the slope for the commercial investment value and the evaluation of the investment decision was in fact statistically significantly more positive than the slope created *when mindsets were socially-dominant* (x^2 [2] = 19.81, $p < .001$). The other relationships between slopes were not statistically significant. Thus, Hypothesis 3b is partially supported. For reference, we display these slopes in Figure 45.

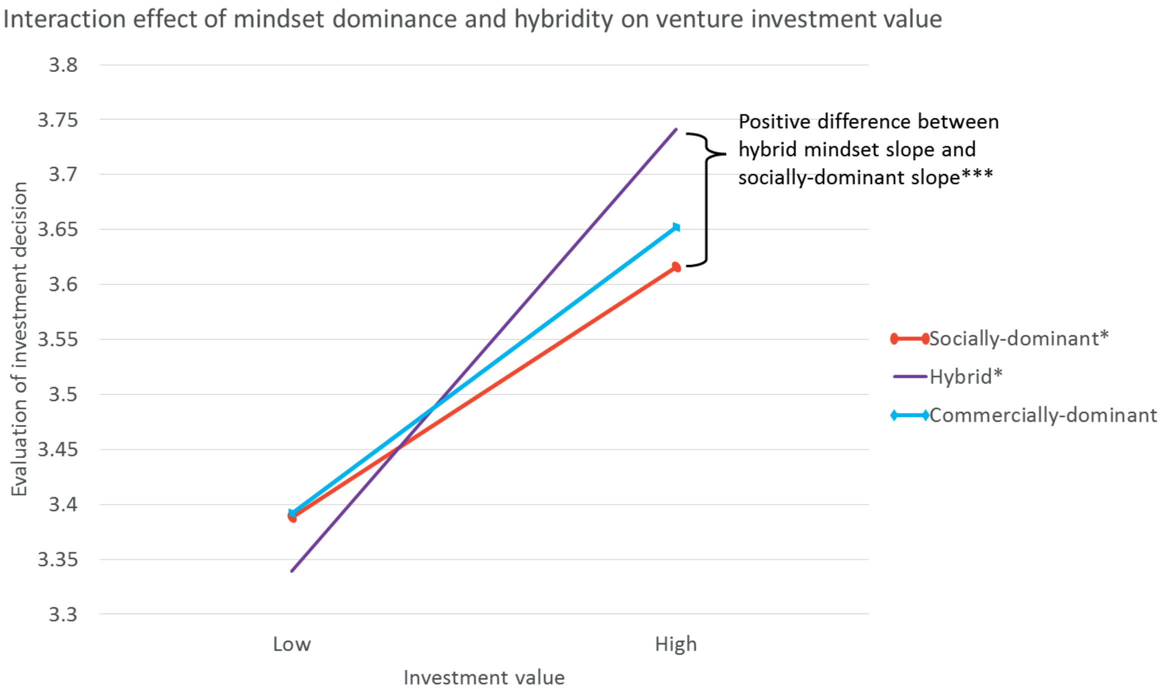


Figure 45: Interaction effect of mindset dominance and hybridity on the hybridity of a venture's revenue model

Robustness of Results

In this study we investigate the moderating relationship of individual-level attributes on venture attributes and the evaluation of investment decisions, because of the implications that decisions have for strategy, defined as "a pattern in a stream of decisions," as per Mintzberg and Waters (1985: 257). As a robustness test we investigate the behavioral implications of decision-maker mindsets, focusing on the mindset effects relative to each other.

Mindset orientation and fund allocation. We begin with our results for Hypothesis 1b, which proposes that individuals with socially-dominant mindsets would be most affected (i.e., the slope would be most positive) by a change in the venture's social mission, from low to high, followed by individuals with hybrid mindsets, and individuals with commercially-dominant mindsets. Our results provided evidence partially supporting this hypothesis: a more positive relationship (regarding the venture's social mission and investment evaluation) when mindsets are socially-dominant versus when mindsets are hybrid or commercially-dominant.

As a robustness test of the behavioral implications of the relationships moderated by the commercial and social mindsets, we would expect to find (*1a* robust) a *negative* relationship between decision-makers' commercial mindset and allocation to investments which address a social cause, and (*1b* robust) a positive relationship between decision-makers' social mindset and allocation to investments which address a social cause. We used decision-makers' mean item scores for their self-focused identity and their unknown-other-focused identity (continuous variables), and using data from our post-assessment questionnaire, we constructed a variable (*invcause*) to indicate what proportion of their portfolio addressed a social or an environmental cause. We asked respondents to indicate how frequently their portfolio ventures explicitly sought to address the 13 following areas: health and well-being, environmental issues, community and social cohesion, economic development, economic inequality, unemployment, poverty, education, gender issues, public infrastructure, humanitarian aid, security and peace-building, visual and performing arts—on a scale of 1-7 (1 = "Never," 7 = "Almost always").[136] We took the sum of their score and divided by 13. Controlling for gender, geography, years of investment experience, and average ticket size, our linear regression model (n = 154, r^2 = .36) indicated a *negative* relationship between commercial mindsets and allocation to investments which prioritized societal returns (β = -.16, t[7] = -2.17, p < .05), and a positive relationship between social mindsets and fund allocations to investments which prioritized societal returns (β = .63, t[7] = 8.63, p < .001). We ran the same model including our measure of hybridity, and did not find a significant finding (p > .05). However, the role of mindset orientation in explaining the emphasis placed on the importance of cause targeted by venture is largely robust to actual cause-related investment allocation.

Regarding Hypothesis 2b, our results provided conflicting evidence supporting this hypothesis: a more positive relationship (regarding the hybridity of the venture's revenue model and investment evaluation) when mindsets are *socially-dominant* versus when mindsets are *commercially-dominant* (supporting our hypothesis). However, we also found that the relationship between the hybridity of the venture's revenue model and investment evaluation, was also more positive than the same relationship when mindsets are *hybrid* (challenging our hypothesis). If the former confirmatory result is correct, we would expect to find (*2a* robust) a positive relationship between the extent of social dominance in an individual's mindset and allocation to investments which deliver both a social return and a financial return, and (*2b* robust) a negative relationship between the extent of commercial dominance in an individual's mindset and allocation to investments which deliver both a social return and a financial return. We test the behavioral implications of our original hypothesis using decision-makers' mean item scores for their unknown-

[136] These sectors are inspired by the social sector classification proposed by Salamon and Anheier (1996) and the European Venture Philanthropy Association (2016) industry survey.

other-focused identity, as well as, data from our post-assessment questionnaire on the percentage breakdown of capital each decision-maker has allocated to investments which sought to deliver both a social return and a financial return (see mandate [3] in the following question): “Please indicate percentage of funds allocated to the following mandates: (1) allowing societal returns only, no financial return possible, (2) societal returns are a priority, and financial returns are accepted, (3) societal return and financial return are on an equal footing, (4) financial returns are a priority, and societal returns are actively sought out, and (5) financial returns are a priority, and societal returns are accepted.”

Using the same controls, our linear regression model (n = 151, r^2 = .28) indicated a positive relationship between the extent of social dominance in an individual’s mindset and allocation to investments which deliver both a social return and a financial return (β = 5.24, t[7] = 2.38, p < .05) (*2a* robust). We also find a negative relationship between the extent of commercial dominance in an individual’s mindset and allocation to investments which deliver both a social return and a financial return (β = -10.14, t[7] = -4.48, p < .001). We ran the same model including our measure of hybridity and it did not yield a significant finding (p > .1). Thus, the role of mindset orientation in explaining the emphasis placed on the interdependence of revenue-generating and cause-related activity is robust with respect to actual investment allocation.

Mindset orientation and board representation. We turn to Hypothesis 3b, which proposes that individuals with commercially-dominant mindsets would be most affected (i.e., the slope would be most positive) by a change in the venture’s investment value, from low to high, followed by individuals with hybrid mindsets, and individuals with socially-dominant mindsets. Our results provided evidence partially supporting this hypothesis: a more positive relationship (regarding the venture’s commercial investment value and attractiveness of investment decision) when mindsets are hybrid versus when mindsets are socially-dominant.

Given the role of control rights (e.g., voting rights), purchase options and other investment terms in negotiating a venture’s valuation, and knowing that investors are willing to accept less control in exchange for a more attractive venture valuation (Bowden, 1994; Feld & Mendelson, 2016), we use board seat representation as a proxy for our venture attribute related to investment value. As a robustness test of the behavioral implications of our confirmed findings, we would expect to find (*3* robust) a positive relationship between the general hybridity of a decision makers’ mindset and high levels of control in their investments. We test this relationship between mindset hybridity and terms of control, by using our measure for hybridity and data about board representation from our pre-assessment questionnaire. In this section, we asked respondents to indicate on a 7-point Likert scale how frequently they have, in the past, taken a board seat in their venture investments (1 = “Never,” 7 = “Almost always”). We create a dummy variable, where *board* = 1 if respondents indicated 4 (“Sometimes”) or above. Controlling for gender, geography, years of investment experience, and investment size, our linear regression model (n = 154, r^2 = .23) indicated a *positive* relationship between decision-maker hybridity and board seat representation in past investments (β = .15, t[7] = 2.11, p < .05). In the same model, we do not find significant findings for the social or commercial dominance of decision-makers' mindsets. Thus, our previous findings are largely consistent with actual decision-making behavior.

Discussion

In this study we developed a theoretical framework to understand how individual mindsets influence the moderating effect of social, commercial and hybrid attributes on the overall attractiveness individuals assign to a strategic decision. We tested this model in the context of investment decision-making.

Although we do not find significant findings for the influence of commercially-dominant mindsets and hybrid mindsets on the relationship between social, commercial and hybrid attributes and the overall attractiveness individuals assign to a strategic decision, we observed strong significant results for the socially-dominant mindsets on the relationship between social, commercial and hybrid attributes and the overall attractiveness individuals assign to a strategic decision. Moreover, we observed a significant difference between the slopes of five pairs of mindsets. Four out of the five are consistent with our reasoning and have several implications.

Turning first to our findings on the role of mindsets in influencing the evaluation of a social venture attribute, we found a statistically significantly more positive relationship (between the extent of the venture's social mission and its overall investment evaluation) when mindsets are socially-dominant versus when mindsets are hybrid or commercially-dominant. This finding adds to the “growing evidence suggest[ing] that social motivation not only affects the strategic choices people make, and the individual and collective gains they achieve, but also the more fundamental information […] processing activities they engage in” (De Dreu et al., 2008: 33). By offering evidence on how social orientation within individual mindsets systematically shapes investment decisions related to hybridity, through the specific venture attributes, this study responds to calls to investigate the role of social orientation in decision-making (Shepherd, 2015; Shepherd et al., 2015).

Turning next to our findings on the relationship between the hybridity of a venture's revenue model and its overall investment evaluation, we found a statistically significantly more positive relationship in this case when mindsets are socially-dominant versus when mindsets are hybrid or commercially-dominant. This contradicts our hypothesis, which argued that the relationship between the hybridity of a venture's revenue model and its overall investment evaluation, would be more positive relationship for hybrid mindsets, due to the hybrid revenue model being a "critical" venture attribute from the perspective of individuals with hybrid mindsets. However, an alternative explanation could be that we have mischaracterized what should happen when decision-makers have hybrid mindsets. For example, individuals with social mindsets would accept revenue *in order to* support their social cause; and individuals with commercial mindsets would accept cause-related activities *in order to* support their commercial mission. However, individuals with hybrid mindsets may not expect joint outcomes in the way that individuals with social mindsets and commercial mindsets do. Due to their comfort in both domains, hybridity in revenue models is not a deal breaker, as we argued, because to individuals with hybrid mindsets, social-dominant outcomes are *as* acceptable as commercial-dominant outcomes.

Like bicultural individuals (Smith & Tracey, 2016; Tadmor & Tetlock, 2006; Wry & York, 2017), hybrid individuals are attempting to reconcile demands of their local context with their individual disposition. Rather than being the combination of both extremes of preferences between social and commercial mindsets, perhaps they are more of the "average." A more suitable metaphor may be hybrid mindsets as chameleons; more contextually grounded, intuitively blending in, working with whichever adequate venture opportunity comes along. This finding seriously challenges how the literature has conceptualized hybrid preferences.

Finally, regarding the relationship between a venture's commercial investment value and the overall attractiveness of the investment decision, this study found that when mindsets are hybrid, the slope for the commercial investment value and the evaluation of the investment decision was in fact significantly more positive than the slope created when mindsets were socially-dominant. While this is partially consistent with our findings, we miss the full picture due to the lack of significant findings on the relationship between the slope of the effect of a venture's commercial investment value and the overall attractiveness of the investment decision when mindsets are hybrid versus when mindsets are commercially-dominant. If the order of positivity of the slopes is *commercially-dominant* > *hybrid* > *socially-dominant*, then this would fully support our reasoning, however, perhaps the order of positivity of the slopes is *hybrid* > *commercially-dominant* > *socially-dominant*. We discuss this possibility in the next section on limitations.

What these results tell us is that that differences in the attractiveness of investment decisions is significantly affected by, not the proposal itself (since all respondents received the same set of hypothetical investment decisions), but the goals, frames of reference and values held by individual decision-makers. Next, while the social investing literature offers rich insights into the behavior of social investment firms, we extend this research by investigating data on investment decisions made by individuals in those firm. The importance of individual-level attributes suggests that tensions associated with hybrid organizing may not be due to the quality of hybridity within an organization itself, but rather, the recruitment and assignment of specific individuals to specific roles within the organizations.

Finally, although organizations which combine social welfare and commercial mindsets have been of great interest to a large number of research streams (Battilana et al., 2017), individual-level and organizational-level research have largely developed in parallel to each other (for rare exceptions, see: Almandoz, 2012; Tracey et al., 2011). By drawing on research on mindsets and employing methods from an established individual-level theory to measure individual commercial and social orientation (Ashforth & Mael, 1989; Brewer & Gardner, 1996; Sieger et al., 2016; Tajfel & Turner, 1979), we join other scholars in building a bridge between individual-level attributes and organizational outcomes.

Limitations and future research

In the real world, there are not two types of one-dimensional people [one that wants to maximize profits and one that wants to create social benefits and do good things for people and the planet.] Instead, there is only one type of person: people with two, three, four, or many interests and goals, which they pursue with varying and ever-changing degrees of interest.

— Mohammed Yunus (2007)[137]

While the hybrid organizing literature offers rich insights into the behavior of social-commercial hybrid firms, and how managers embedded in these firms can shape organizational processes which maintain or break down hybridity in organizations over time, because the majority of this research does not provide counterfactuals, it is unclear to which extent the behavior of these individuals is driven by the organizational context or the individual's own mindset. In this study, we presented 154 individuals the same 22 investment profiles designed in a simplified way in order to better generalize across settings. While we were able to uncover a systematic way in which these individual mindsets shape strategic investment decisions with regards to rating of social, hybrid and commercial venture attributes,

[137] Quote adapted from Location 519 in the Kindle Edition of *Creating a World Without Poverty: Social Business and the Future of Capitalism*.

such experimental, abstracted designs have been criticized for lack of ecological validity. As one of our respondents said after reading the indicator that one of the venture's teams had "strong business experience," "I wish it were that easy to tell" (Respondent, Family Office). Hence, an opportunity for future research would be to create more ecologically valid experimental settings, which could be achieved by drawing on video excerpts, audio excerpts, more detailed business plans, as well as by narrowing down on one particular attribute, e.g., revenue model, or team, so as to make the scenarios more specific and less abstract.

Our surprising and conflicting results about the role of hybrid and commercially-dominant mindsets raise several possibilities for further research. One opportunity, which can help determine whether our insignificant results were truly null is to conduct another wave of data collection for this exercise. Seventy-three percent of our sample were classified as general social-commercial hybrids, despite the fact that 52 percent of our sample indicated that commercial returns were the main priority of their firm. While our sample of 73% general hybrids shed light on unexpected findings for how individuals with hybrid mindsets operate, we might obtain interesting findings by investigating samples with more "pure" mindset-types.

A second opportunity related to the hybridity of decision-makers' mindsets is to explore the mismatch between the individual decision-maker and the firm's objective. Perhaps hybridity in individual mindsets indicates internal conflict, in which decision-makers battle between the concerns of their firm and their own personal motivations. On the other hand, a third opportunity for research may be to view the large number of hybrid individuals may be a finding in itself, representative of how norms within the social investing and commercial investing space have come together (Mair & Hehenberger, 2014). Numerous commentators draw parallels between the rise of the internet, the rise of mobile internet and the rise of social impact. Nowadays it is unthinkable for major corporations not to take the Internet seriously. For example, Albert and colleagues (2000: 14) describe how organizational identity can evolve, saying, "organizations that come into contact with new entities, such as Web-based competitors, are likely to have to rethink whether they wish to add a ".com" to their name." Other commentators have drawn a parallel to having a mobile phone-accessible website and integrating social concerns into a business; both will be indispensable in the future (e.g., Bannon, 2015).

Finally, these findings demonstrate the difficulty of studying values, social motivation, and other sensitive and nuanced factors, especially in context of hybrid decision-making. One respondent with a socially-dominant mindset was taken aback by the social contents of our questionnaire, remarking to us "This is the strangest interview I've ever had" (Respondent #72, VC Firm #72).

Perhaps these findings suggest the need for additional inductive studies to understand the different types of hybridity within hybridity. In our sample of 73% general hybrids, a portion of them were socially-dominant hybrids, and another portion were commercially-dominant hybrids. However, our theoretical approach opens up more opportunities to investigate heterogeneity within these mindsets. Within the unknown-other-interested identity in the entrepreneurial identity literature, interestingly, we still find a respect for business as a vehicle which can be used to effect social change. Had we used another framing, we might have found an aversion to commercial structures among other-interested identities. However, we do not find an aversion but a de-prioritization of commercial goals, which can occur on a spectrum. Within the self-interested identity in the entrepreneurial identity literature, interestingly, we also find a reference to helping others by building a business that "will be inherited by the next generation" (Fauchart & Gruber, 2011: 942). One high-commercial mindset's respondent gave us the following feedback, "[The questions about who I] strongly identify with is a tough one to reflect upon. I don't really identify with women or minorities or tattoo companies, but we invest in them. I love it and think it's an amazing" (Respondent #54, micro VC #33). Overall, our findings suggest that we may need to go beyond notions of dualistic hybridity, to hybridity related to "three, four, or many interests and goals" (Yunus, 2007) [138]

Finally, we already know from the literature that there may be particular organizational attributes—and/or combinations of organizational attributes—which are more attractive for some individuals rather others (Franke et al., 2006; Gruber et al., 2015; Patzelt et al., 2009). However, the exact configurations of organizational attributes most appealing to hybrid mindsets, or, rather, the exact framing of social attributes to appeal to commercial mindsets and vice versa, are not yet known. This type of study may bring us closer to finding configurations of organizational attributes which be strongly appreciate by a wide number of decision-makers and help to reduce conflict in multiple hybridity types, not only social-commercial hybrids.

Conclusions

In this study, we extend the literature on hybrid organizing by going beyond (mostly) firm-level research to investigate the *microfoundations* of hybrid organizing—how individual-level attributes shape social-commercial hybrid outcomes in decision-making. To gain a better understanding of the individual-level antecedents to hybrid decision-making in the context of early-stage investments, we investigate the role of

[138] The scale we used to measure mindset is also capable of measuring *known*-other focus in individual mindsets, however, our setting was not suitable for testing this variable, due to the prevailing norm in investment that it is unwise to invest in your friends.

individual *mindsets* in influencing the perception of hybridity attractiveness. We asked 154 investors to make investment decisions based on a set of social and commercial cues, resulting in a dataset of 3,388 hypothetical investment decisions. Results from statistical analysis confirm what we know about social mindsets, commercial mindsets and related preferences, but the findings challenge how we think about hybridity.

Chapter VI

Matters of hybridity: Reflecting on the implications of social-commercial hybridity research

VI. Matters of hybridity

- Reflecting on the implications of social-commercial hybridity research

The three studies in this thesis build on the idea that individual and organizational self-concepts are key to understanding organizational, economic and social outcomes, particularly because these self-concepts shape actors' understanding of what is appropriate and, consequently, direct individual and organizational behavior (Ashforth & Mael, 1989; Brewer & Gardner, 1996; Watson, 2008; Weber & Messick, 2006). However, in recent years, interest has grown in organizations that combine organizational identities which would "not normally be expected to go together" (Albert & Whetten, 1985: 270), with a particular interest in individuals and organizations which have sought to combine "the best of both worlds" by jointly pursuing both social welfare-related and commercial profit-related goals.[139] Although social-commercial hybrid organizations have existed for centuries in the form of revenue-generating charitable organizations or for-profit schools, in recent decades, changes in public opinion on the role of business in addressing social issues has catalyzed a growth of research and practice around social-commercial hybrids.

Social-commercial hybridity

A rich body of scholarly work has emerged to address questions about social-commercial organizational hybridity (Battilana et al., 2017; Battilana & Lee, 2014), the types of challenges it entails and how managers can address these. Early research in this field, for example, has found evidence that hybridity in organizations necessarily leads to tension (Pratt & Rafaeli, 1997; Zilber, 2002), conflict (Ashforth & Reingen, 2014; Glynn, 2000), hybridity collapse (Ebrahim et al., 2014; Yue et al., 2018), or, organizational failure (Tracey et al., 2011).[140]

---

[139] We refer to these organizational identities as commercial and social identities, respectively. Not to be confused with social identity from social identify theory (Brewer & Gardner, 1996). For more information on these two ways of thinking, please refer to the section titled "Introduction to social and commercial identities" in Chapter 1.

[140] The use of hybridity from this point forward refers to social-commercial hybridity.

However, more recent studies suggest that hybrid identities can coexist in configurations which are both compatible and complementary (Besharov & Smith, 2014), helping to strengthen the dual identity of members within the organization (Besharov, 2014; Gotsi et al., 2010), organizational processes and, consequently, the dual identity of the organization (Jay, 2013; Murray, 2010). Emergent hybridity even engenders implications for the adoption and evolution of identities in the wider industry within which such organizations are found (Haveman & Rao, 2006; Mair & Hehenberger, 2014; Rao et al., 2003). This recent literature has helped managers and scholars better understand how managers can use organizational strategies to generate, perpetuate, or resolve conflicts arising from the combination of two different organizational identities (Glynn, 2000; Zilber, 2002), e.g., structure (Ashforth & Reingen, 2014; Perkmann et al., 2018; Ramus et al., 2017; Smith & Besharov, 2017), processes (Jay, 2013; Lok, 2010), language (Alvesson & Willmott, 2002; Besharov, 2014; Fiol, 2002; Gotsi et al., 2010) and other strategies (Golden-Biddle & Rao, 1997; Pache & Santos, 2013). It is on this rich foundation of scholarly work that the questions and contributions of this thesis could be developed.

Practical implications

This thesis also offers contributions to practice. Organizations are under pressure to achieve seemingly impossible tasks, asking their members to combine mindsets and identities which would not normally be expected to go together. However, better understanding how managers can adapt seemingly contradictory mindsets or organizational templates may offer a greater choice set from which society can draw to solve important problems (Hannan & Freeman, 1977; O'Mahony & Ferraro, 2007; Stinchcombe, 1965).

This research attempts to build on work which recognizes the powerful role of agents in creating and maintaining mindsets, offering the practical implication of helping managers and decision-makers better handle the challenges of day-to-day organizing in what seems to be a growing number of hybrid organizations.

As past scholars suggest, research which observes organizational *processes* that accomplish changes may lead to more actionable outcomes than those scholars studying direct triggers of organizational change (Beer, 1972; Hedberg, Nystrom, & Starbuck, 1976). Among these processes, an effective tool for change is, not only the initial steps required to begin implementing new initiatives, but also the initial processes which need to be established to receive new data and update priors, i.e., feedback loops. The importance of these self-correcting mechanisms—gleaned through processual research—are described below,

> *"Attempts to force discrete shifts in processes amplify behavioral errors, establish contradictions across parallel processes, and elicit*

> *rejection mechanisms, so processes need to be modified gradually in social contexts that acknowledge the transience of what is being done at any time"* (Hedberg et al., 1976: 43).

Paraphrasing Kraatz and Block (2008:40), this thesis aims to discover how organizations can achieve "what Collins and Porras (1994) optimistically call 'the genius of the and' while avoiding its obverse ('the tyranny of the or')."

This is an extremely challenging task, but potentially beneficial task. Increasing pressure on private entities to contribute to solutions to social and/or environmental ails (either due to the corporate mistrust or the failure of public actors) has forced private actors to find creative ways to jointly pursue social and commercial goals (e.g., Radon et al., 2008). Research in this field can thus help scholars decisively move away from theories which may be "bad for practice" (Ghoshal & Moran, 1996), and towards more optimistic and pragmatic ones (Eden, 1984; Ferraro et al., 2005).

Moreover, social ventures provide an alternative to donor- or tax-funded solutions and may also produce substantial financial returns for their investors, with significant economic repercussions for society at large (Barry et al., 1990; Timmons & Bygrave, 1986). As a result, public entities have been eager to promote and fund them. But inability to accurately evaluate promising social ventures results in scandals like Solyndra, a failed solar venture which had received over 500 million USD in loans from the U.S. government (Howell & Dinan, 2015).

Serious empirical investigation into what makes social ventures successful can help the industry better allocate funds to truly promising and efficient social ventures (rather than, for example, well-publicized, well-connected ventures).

Conclusion

This thesis has sought to further research on organizations which jointly hold dual social and commercial identities. It did so by studying the selection and evaluation processes of social venture capitalists—equity investment firms which invest in early-stage social-commercial hybrid organizations—and other types of social and commercial investors. This work demonstrates how social-commercial duality affects new venture evaluation and investor decision-making.

Study One features an inductive study based on archival data collected on 1,614 investment decisions made by a social investment firm over five years. This study investigate how SVCs translate their hybrid social and commercial identity into their own investment criteria, offering a deal-by-deal view of how SVCs apply selection criteria, and which venture attributes are important to them. These findings reveal selection criteria used by the investor to assess investment proposals from a social and a commercial perspective. Interestingly, while some of the SVC's investment evaluations build on commercial venture attributes to predict commercial potential and others build on social-mission-related attributes to predict social potential, some venture attributes evaluated by the SVC were used to make decisions about both the venture's commercial and social potential. Moreover, the study finds that the SVC evaluates ventures in an iterative process not wholly intended to identify immediately investable targets.

Study Two investigates further into the processes present in the same context. It continues to use inductive, qualitative approaches to understand how social investors evaluate and act upon investment proposals, focusing on interactions between ventures and the investor. Study Two uncovers five strategies used by the investor to empirically illustrate, not only how SVCs evaluates hybridity in emerging organizations, but how, in doing so, SVCs shape hybridity and the factors leading to sustainable, performative hybridity in emerging organizations.

Study Three employs quantitative approaches to investigate the microfoundations of hybrid organizing—how individual-level attributes shape hybrid outcomes. Data collection consisted of 154 investors asked to evaluate investment proposals consisting of social, commercial and hybrid cues. Their combined responses of 22 investment proposals each resulted in a dataset of 3,388 investment evaluations. Results from statistical analysis confirm what we know about social mindsets, commercial mindsets and related preferences, but the findings challenge how we think about hybridity.

These three studies—investigating how SVCs translate their dual social and commercial identity into their own investment criteria, how SVCs evaluate and shape duality in *other* organizations, and how individual-level attributes affect hybrid decision-making—shed light on organizational hybridity, hybridity outcomes and the microfoundations of hybridity. In doing so, this thesis responds to calls for research on how social missions affect decision-making outcomes among investment firms and fundraising ventures (Dacin et al., 2011; Hollensbe et al., 2014; Shepherd, 2015; Short et al., 2009). Moreover, it adds fuel to conversations on the potential benefits and downsides of tackling important social issues through business.

References

Read more, learn more; change the globe.

— Nas (2003)

This section lists all works cited in this document alphabetically.

References by alphabetical order

[Redacted]. 2016a, December 2. ***About us [Firm Name Redacted]***. [URL redacted].

[Redacted]. 2016b. ***[Title redacted]***. http://medium.com/[redacted].

[Redacted]. 2017a. ***[Title redacted]***. Publication redacted. Redacted.

[Redacted]. 2017b, December 8. [Title redacted] http://medium.com/[redacted].

Abbott, A. 1995. Things of Boundaries. ***Social Research***, 857–882.

Abbott, W. F., & Monsen, R. J. 1979. On the measurement of corporate social responsibility: Self-reported disclosures as a method of measuring corporate social involvement. ***Academy of Management Journal***, 22(3): 501–515.

Achleitner, A.-K., Spiess-Knafl, W., & Volk, S. 2014. The financing structure of social enterprises: conflicts and implications. ***International Journal of Entrepreneurial Venturing***, 6(1): 85–99.

Acumen Fund, & Monitor Institute. 2012. ***From Blueprint to Scale: The Case for Philanthropy in Impact Investing***. Acumen Fund, Monitor Institute. https://www.mim.monitor.com/blueprinttoscale.html.

Adler, P. S., Goldoftas, B., & Levine, D. I. 1999. Flexibility Versus Efficiency? A Case Study of Model Changeovers in the Toyota Production System. ***Organization Science***, 10(1): 43–68.

Afuah, A. N., & Tucci, C. L. 2012. Crowdsourcing As a Solution to Distant Search. ***Academy of Management Review***, 37(3): 355–375.

Agresti, A. 2003. ***Categorical data analysis***, vol. 482. John Wiley & Sons.

Albert, S., & Whetten, D. A. 1985. Organizational identity. ***Research in Organizational Behavior***.

Albert, S., Ashforth, B. E., & Dutton, J. E. 2000. Organizational identity and identification: Charting new waters and building new bridges. ***Academy of Management Review***, 25(1): 13–17.

Aldrich, H. E., & Fiol, C. M. 1994. Fools rush in? The institutional context of industry creation. ***Academy of Management Review***, 19(4): 645–670.

Alexander, G. J., & Buchholz, R. A. 1978. Corporate social responsibility and stock market performance. ***Academy of Management Journal***, 21(3): 479–486.

Allison, T. H., Davis, Short, J. C., & Webb, J. W. 2014. Crowdfunding in a Prosocial Microlending Environment: Examining the Role of Intrinsic Versus Extrinsic Cues. ***Entrepreneurship Theory and Practice***, n/a-n/a.

Almandoz, J. 2012. Arriving at the starting line: The impact of community and financial logics on new banking ventures. ***Academy of Management Journal***, 55(6): 1381–1406.

Alter, S. K. 2006. Social enterprise models and their mission and money relationships. ***Social Entrepreneurship: New Models of Sustainable Social Change***, 205–232.

Alvesson, M., & Kärreman, D. 2007. Constructing Mystery: Empirical Matters in Theory Development. ***The Academy of Management Review***, 32(4): 1265–1281.

Alvesson, M., & Willmott, H. 2002. Identity regulation as organizational control: Producing the appropriate individual. ***Journal of Management Studies***, 39(5): 619–644.

Alvord, S. H., Brown, L. D., & Letts, C. W. 2004. Social Entrepreneurship and Societal Transformation An Exploratory Study. ***The Journal of Applied Behavioral Science***, 40(3): 260–282.

Amit, R., Glosten, L., & Muller, E. 1990. Does venture capital foster the most promising entrepreneurial firms? ***California Management Review***, 32(3): 102–111.

Andriopoulos, C., & Lewis, M. W. 2009. Exploitation-exploration tensions and organizational ambidexterity: Managing paradoxes of innovation. ***Organization Science***, 20(4): 696–717.

Anthony, C., & Tripsas, M. 2016. Organizational Identity and Innovation. In M. G. Pratt, M. Schultz, B. E. Ashforth, & D. Ravasi (Eds.), ***The Oxford Handbook of Organizational Identity***: 417–435. Oxford University Press.

Argyris, C. 1973. Organization man: Rational and self-actualizing. ***Public Administration Review***, 354–357.

Argyris, C. 2004. Reflection and beyond in research on organizational learning. ***Management Learning***, 35(4): 507–509.

Argyris, C., & Schon, D. A. 1974. ***Theory in practice: Increasing professional effectiveness.*** Jossey-Bass.

Ashforth, B. E., & Mael, F. 1989. Social identity theory and the organization. ***Academy of Management Review***, 14(1): 20–39.

Ashforth, B. E., & Reingen, P. H. 2014. Functions of Dysfunction: Managing the Dynamics of an Organizational Duality in a Natural Food Cooperative. ***Administrative Science Quarterly***. https://doi.org/10.1177/0001839214537811.

Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. 1985. An empirical examination of the relationship between corporate social responsibility and profitability. ***Academy of Management Journal***, 28(2): 446–463.

Austin, J. E. 2000. Strategic collaboration between nonprofits and business. ***Nonprofit and Voluntary Sector Quarterly***, 29(suppl 1): 69–97.

Austin, Stevenson, H., & Wei-Skillern, J. 2006. Social and commercial entrepreneurship: same, different, or both? ***Entrepreneurship Theory and Practice***.

Avantage Ventures. 2011. ***Beyond the Margin: Redirecting Asia's Capitalism***. Causeway Bay, Hong Kong: Avantage Ventures.

Bacharach, S. B. 1989. Organizational theories: Some criteria for evaluation. ***Academy of Management Review***, 14(4): 496–515.

Bacq, S., & Eddleston, K. A. 2017. A resource-based view of social entrepreneurship: how stewardship culture benefits scale of social impact. ***Journal of Business Ethics***, 1–23.

Bacq, S., Ofstein, L. F., Kickul, J. R., & Gundry, L. K. 2015. Bricolage in Social Entrepreneurship How Creative Resource Mobilization Fosters Greater Social Impact. ***The International Journal of Entrepreneurship and Innovation***, 16(4): 283–289.

Baker, T., & Nelson, R. 2005. Creating something from nothing: Resource construction through entrepreneurial bricolage. ***Administrative Science Quarterly***, 50(3): 329–366.

Bannon, S. 2015, October 2. Impact Is The New Mobile. ***TechCrunch***. https://techcrunch.com/2015/10/02/impact-is-the-new-mobile/.

Barnett, M. L. 2007. Stakeholder influence capacity and the variability of financial returns to corporate social responsibility. ***Academy of Management Review***, 32(3): 794–816.

Baron, R. A., & Ensley, M. D. 2006. Opportunity recognition as the detection of meaningful patterns: Evidence from comparisons of novice and experienced entrepreneurs. ***Management Science***, 52(9): 1331–1344.

Barry, C. B., Muscarella, C. J., Peavy, J., & Vetsuypens, M. R. 1990. The role of venture capital in the creation of public companies: Evidence from the going-public process. ***Journal of Financial Economics***, 27(2): 447–471.

Batson, C. D. 1987. Prosocial motivation: Is it ever truly altruistic? In L. Berkowitz (Ed.), ***Advances in experimental social psychology***: 65–122.

Batson, C. D., & Shaw, L. L. 1991. Evidence for altruism: Toward a pluralism of prosocial motives. ***Psychological Inquiry***, 2(2): 107–122.

Battilana, J., & Dorado, S. 2010. Building sustainable hybrid organizations: The case of commercial microfinance organizations. ***Academy of Management Journal***, 53(6): 1419–1440.

Battilana, J., & Lee, M. 2014. Advancing Research on Hybrid Organizing– Insights from the Study of Social Enterprises. ***The Academy of Management Annals***, 8(1): 397–441.

Battilana, J., Besharov, M., & Mitzinneck, B. 2017. On hybrids and hybrid organizing: A review and roadmap for future research. ***The SAGE Handbook of Organizational Institutionalism***, 2: 133–169.

Battilana, J., Leca, B., & Boxenbaum, E. 2009. How Actors Change Institutions: Towards a Theory of Institutional Entrepreneurship. ***The Academy of Management Annals***, 3(1): 65–107.

Battilana, J., Lee, M., Walker, J., & Dorsey, C. 2012. In search of the hybrid ideal. ***Stanford Social Innovation Review***, 10(3): 50–55.

Baum, J. A., & Silverman, B. S. 2004. Picking winners or building them? Alliance, intellectual, and human capital as selection criteria in venture financing and performance of biotechnology startups. ***Journal of Business Venturing***, 19(3): 411–436.

Baumol, W. J. 1990. Entrepreneurship: Productive, Unproductive, and Destructive. ***Journal of Political Economy***, 98(5): 893–921.

Beer, S. 1972. ***Brain of the Firm: A Development in Management Cybernetics***. New York, NY: Herder and Herder.

Belsley, D. A. 1991. A guide to using the collinearity diagnostics. ***Computer Science in Economics and Management***, 4(1): 33–50.

Bercovitz, J., & Feldman, M. 2008. Academic Entrepreneurs: Organizational Change at the Individual Level. ***Organization Science***, 19(1): 69–89.

Berglund, H. 2011. Early stage venture capital investing: comparing California and Scandinavia. ***Venture Capital***, 13(2): 119–145.

Bergman, B. 2017. Agents of Change? An Inter-Organizational Research Agenda on Hybrid New Ventures. ***Hybrid Ventures***: 219–232. Emerald Publishing Limited.

Berk, R. A. 1983. An Introduction to Sample Selection Bias in Sociological Data. ***American Sociological Review***, 48(3): 386.

Besharov, M. L. 2014. The relational ecology of identification: How organizational identification emerges when individuals hold divergent values. ***Academy of Management Journal***, 57(5): 1485–1512.

their varied nature and implications. ***Academy of Management Review***, 39(3): 364–381.

Bhabha Homi, K. 1994. ***The Location of Culture, London and New York***. Routledge.

Bhattacharya, C. B., Sen, S., & Korschun, D. 2008. Using corporate social responsibility to win the war for talent. ***MIT Sloan Management Review***, 49(2): 37–44.

Bierhoff, H.-W. 2005. The psychology of compassion and prosocial behaviour. ***Compassion: Conceptualisations, Research and Use in Psychotherapy***, 148–167.

Binder, A. 2007. For love and money: Organizations' creative responses to multiple environmental logics. ***Theory and Society***, 36(6): 547–571.

BlackRock. 2018, January. Larry Fink's Letter to CEOs. ***BlackRock***. https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter.

Block, J. H., De Vries, G., Schumann, J. H., & Sandner, P. 2014. Trademarks and venture capital valuation. ***Journal of Business Venturing***, 29(4): 525–542.

Bloom, P. N., Hoeffler, S., Keller, K. L., & Meza, C. E. B. 2006. How social-cause marketing affects consumer perceptions. ***MIT Sloan Management Review***, 47(2): 49.

Bloomberg Technology. 2014, January 18. Dropbox Value Said to Be $10 Billion in BlackRock Funding. ***Bloomberg Technology***. https://webcache.googleusercontent.com/search?q=cache:XVZ1rcm24ewJ:https://www.bloomberg.com/news/articles/2014-01-18/dropbox-said-to-be-worth-10-billion-in-blackrock-funding+&cd=1&hl=en&ct=clnk&gl=ch.

Bocken, N. 2015. Sustainable venture capital–catalyst for sustainable start-up success? ***Journal of Cleaner Production***, 108: 647–658.

Bouri, A. 2011. How standards emerge: The role of investor leadership in realizing the potential of IRIS. ***Innovations: Technology, Governance, Globalization***, 6(3): 117–131.

Bowden, R. J. 1994. Bargaining, size, and return in venture capital funds. ***Journal of Business Venturing***, 9(4): 307–330.

Bowman, C., & Ambrosini, V. 2000. Value creation versus value capture: towards a coherent definition of value in strategy. ***British Journal of Management***, 11(1): 1–15.

Bowman, E. H., & Haire, M. 1975. A strategic posture toward corporate social responsibility. ***California Management Review***, 18(2): 49–58.

Bradley, D., Kim, I., & Krigman, L. 2015. Top VC IPO underpricing. ***Journal of Corporate Finance***, 31(Supplement C): 186–202.

Brandenburg, M. 2012, October 3. Impact Investing's Three Measurement Tools (SSIR). ***Stanford Social Innovation Review***, (Online). https://ssir.org/articles/entry/impact_investings_three_measurement_tools.

Brewer, M. B. 1991. The social self: On being the same and different at the same time. ***Personality and Social Psychology Bulletin***, 17(5): 475–482.

Brewer, M. B., & Gardner, W. 1996. Who is this" We"? Levels of collective identity and self representations. ***Journal of Personality and Social Psychology***, 71(1): 83.

Brewer, M. B., & Kramer, R. M. 1986. Choice behavior in social dilemmas: Effects of social identity, group size, and decision framing. ***Journal of Personality and Social Psychology***, 50(3): 543.

Bureau of Labor Statistics. 2014. ***Employment Projections--2012-2022***, 1.

Burt, R. S. 1983. Corporate philanthropy as a cooptive relation. ***Social Forces***, 62(2): 419–449.

Butcher, M. 2016, October 3. Fifty Years — The new Silicon Valley VC that wants to save the world AND make money. ***TechCrunch***. https://techcrunch.com/2016/10/03/50-years-the-new-silicon-valley-vc-that-wants-to-save-the-world-and-make-money/.

Büthe, T., Yunus, M., & Jolis, A. 2000. ***Banker to the Poor: Micro-Lending and the Battle Against World Poverty***. JSTOR.

Byun, H., Shin, J., & Lee, C.-Y. 2018. Using a discrete choice experiment to predict the penetration possibility of environmentally friendly vehicles. ***Energy***, 144: 312–321.

Calas, M. B., & Smircich, L. 1999. Past postmodernism? Reflections and tentative directions. ***Academy of Management Review***, 24(4): 649–672.

Cambridge Associates, & The Global Impact Investing Network. 2015. ***Introducing the Impact Investing Benchmark***. https://thegiin.org/assets/documents/pub/Introducing_the_Impact_Investing_Benchmark.pdf.

Camerer, C. F., & Fehr, E. 2006. When does" economic man" dominate social behavior? ***Science***, 311(5757): 47–52.

Cao, K., Gehman, J., & Grimes, M. G. 2017. Standing Out and Fiting In: Charting the Emergence of Certified B Corporations by Industry and Region. In A. C. Corbett & J. A. Katz (Eds.), ***Advances in Entrepreneurship, Firm Emergence and Growth***, vol. 19: 1–38. Emerald Publishing Limited.

Caporael, L. R., Dawes, R. M., Orbell, J. M., & Van de Kragt, A. J. 1989. Selfishness examined: Cooperation in the absence of egoistic incentives. ***Behavioral and Brain Sciences***, 12(4): 683–699.

Carpentier, C., & Suret, J.-M. 2015. Angel group members' decision process and rejection criteria: A longitudinal analysis. ***Journal of Business Venturing***, 30(6): 808–821.

Carroll, L. 1895. ***Alice in Wonderland*** (Print). Philadelphia: H. Altemus.

Carroll, L. 2006. ***Alice in Wonderland*** (Online). Urbana, Illinois: Project Gutenberg. www.gutenberg.org/ebooks/19033.

Casciaro, T., & Piskorski, M. J. 2005. Power imbalance, mutual dependence, and constraint absorption: A closer look at resource dependence theory. ***Administrative Science Quarterly***, 50(2): 167–199.

CB Insights. 2014, June 19. Micro VC Rising: Analyzing Trends and the Top Investors in the Micro VC Ecosystem. ***CB Insights - Blog***. https://www.cbinsights.com/blog/top-micro-venture-capital-firms/.

Center for Global Development. 2010. ***Impact Investing for Development***. Web.: Center for Global Development. https://www.cgdev.org/publication/more-money-impact-investing-development.

Certo, S. T., & Miller, T. 2008. Social entrepreneurship: Key issues and concepts. ***Business Horizons***, 51(4): 267–271.

Charmaz, K. 2008. ***Grounded Theory as an Emergent Method.*** In S. N. Hesse-Biber & P. Leavy (Eds.), : 155–172. New York: The Guilford Press.

Chen, Yao, X., & Kotha, S. 2009. Entrepreneur passion and preparedness in business plan presentations: a persuasion analysis of venture capitalists' funding decisions. ***Academy of Management Journal***, 52(1): 199–214.

Chester, H., Clarkson, P., Davies, L., Sutcliffe, C., Davies, S., et al. 2018. People with dementia and carer preferences for home support services in early-stage dementia. ***Aging & Mental Health***, 22(2): 270–279.

Chiappini, H. 2017. ***Social Impact Funds: Definition, Assessment and Performance***, vol. XV. Springer.

Child, C. 2010. Whither the turn? The ambiguous nature of nonprofits' commercial revenue. ***Social Forces***, 89(1): 145–161.

Chrisman, J. J., Hoy, F., & Robinson, R. B. 1987. New venture development: the costs and benefits of public sector assistance. ***Journal of Business Venturing***, 2(4): 315–328.

Chrzan, K. 1994. Three kinds of order effects in choice-based conjoint analysis. ***Marketing Letters***, 5(2): 165–172.

Clark, C. H., & Ucak, S. 2006. ***RISE For-Profit Social Entreprneur Report: Balancing Markets and Values***. www.riseproject.org/rise-sep-report.pdf.

Clarkin, J. E., & Cangioni, C. L. 2016. Impact investing: A primer and review of the literature. ***Entrepreneurship Research Journal***, 6(2): 135–173.

Cochran, P. L., & Wood, R. A. 1984. Corporate social responsibility and financial performance. ***Academy of Management Journal***, 27(1): 42–56.

Collier, P. 2008. ***The bottom billion: Why the poorest countries are failing and what can be done about it***. Oxford University Press.

Cone. 2016, November 2. 2016 Millennial Employee Engagement Study. ***Cone Communications***. http://www.conecomm.com/research-blog/2016-millennial-employee-engagement-study.

Cook, M. L. 1995. The future of US agricultural cooperatives: A neo-institutional approach. ***American Journal of Agricultural Economics***, 77(5): 1153–1159.

Cooney, K., Koushyar, J., Lee, M., & Murray, H. 2014, December 5. Benefit Corporation and L3C Adoption: A Survey | Stanford Social Innovation Review. ***Stanford Social Innovation Review***. https://ssir.org/articles/entry/benefit_corporation_and_l3c_adoption_a_survey.

Corbin, J. M., & Strauss, A. 1990. Grounded theory research: Procedures, canons, and evaluative criteria. ***Qualitative Sociology***, 13(1): 3–21.

Corbin, J. M., & Strauss, A. L. 2008. ***Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory*** (3rd ed.). Thousand Oaks, CA: Sage.

Corley, K. G., Harquail, C. V., Pratt, M. G., Glynn, M. A., Fiol, C. M., et al. 2006. Guiding organizational identity through aged adolescence. ***Journal of Management Inquiry***, 15(2): 85–99.

Costello, L., McDermott, M.-L., & Wallace, R. 2017. Netnography: range of practices, misperceptions, and missed opportunities. ***International Journal of Qualitative Methods***, 16(1): 1609406917700647.

Covey, S. R. 1991. ***The 7 habits of highly effective people***. Simon & Schuster New York, NY.

Creyer, E. H. 1997. The influence of firm behavior on purchase intention: do consumers really care about business ethics? ***Journal of Consumer Marketing***, 14(6): 421–432.

Croce, A., Martí, J., & Murtinu, S. 2013. The impact of venture capital on the productivity growth of European entrepreneurial firms: "Screening" or "value added" effect? ***Journal of Business Venturing***, 28(4): 489–510.

Csaszar, F. A. 2012. Organizational structure as a determinant of performance: Evidence from mutual funds. ***Strategic Management Journal***, 33(6): 611–632.

Cutler, K.-M. 2012, April 22. Andreessen Horowitz Made $78M Off $250,000 Investment in Instagram. ***Tech Crunch***. http://techcrunch.com/2012/04/22/andreessen-horowitz-made-78m-off-250000-investment-in-instagram/.

Cyert, R., & March, J. 1963. ***A behavioral theory of the firm***. Prentice-Hall, Englewood Cliffs, NJ.

D'aunno, T., Succi, M., & Alexander, J. A. 2000. The role of institutional and market forces in divergent organizational change. ***Administrative Science Quarterly***, 45(4): 679–703.

Dacin, Dacin, & Matear, M. 2010. Social entrepreneurship: why we don't need a new theory and how we move forward from here. ***The Academy of Management Perspectives***, 24(3): 37–57.

Dacin, Dacin, & Tracey, P. 2011. Social Entrepreneurship: A Critique and Future Directions. ***Organization Science***, 22(5): 1203–1213.

Dacin, M. T., Goodstein, J., & Scott, W. R. 2002. Institutional theory and institutional change: Introduction to the special research forum. ***Academy of Management Journal***, 45(1): 45–57.

Daft, R. L., & Weick, K. E. 1984. Toward a Model of Organizations as Interpretation Systems. ***The Academy of Management Review***, 9(2): 284–295.

Daggers, J., & Nicholls, A. 2016. ***The Landscape of Social Impact Investment Research: Trends and Opportunities***. White Paper, The MacArthur Foundation; Said Business School, University of Oxford.

Dalpiaz, E., Rindova, V., & Ravasi, D. 2016. Combining logics to transform organizational agency: Blending industry and art at Alessi. ***Administrative Science Quarterly***, 61(3): 347–392.

Das, T. K., & Teng, B.-S. 2001. Trust, control, and risk in strategic alliances: An integrated framework. ***Organization Studies***, 22(2): 251–283.

Davis, Schoorman, F. D., & Donaldson, L. 1997a. Toward a stewardship theory of management. ***Academy of Management Review***, 22(1): 20–47.

Davis, Schoorman, F. D., & Donaldson, L. 1997b. ***Davis, Schoorman, and Donaldson reply: The distinctiveness of agency theory and stewardship theory***.

Davis. 1973. The Case for and Against Business Assumption of Social Responsibilities. ***Academy of Management Journal***, 16(2): 312–322.

Dawes, R. M. 1980. Social dilemmas. ***Annual Review of Psychology***, 31(1): 169–193.

De Dreu, C. K., Nijstad, B. A., & van Knippenberg, D. 2008. Motivated information processing in group judgment and decision making. ***Personality and Social Psychology Review***, 12(1): 22–49.

De Dreu, C. K., Weingart, L. R., & Kwon, S. 2000. Influence of social motives on integrative negotiation: a meta-analytic review and test of two theories. ***American Psychological Association***.

de la Merced, M. J. 2016, September 12. TPG Growth Plans to Start a Social Impact Fund. ***The New York Times***. https://www.nytimes.com/2016/09/13/business/dealbook/tpg-social-impact-fund.html.

De Pelsmacker, P., Driesen, L., & Rayp, G. 2005. Do consumers care about ethics? Willingness to pay for fair-trade coffee. ***Journal of Consumer Affairs***, 39(2): 363–385.

de Rond, M., & Bouchikhi, H. 2004. On the Dialectics of Strategic Alliances. ***Organization Science***, 15(1): 56–69.

Dean, M. A., Shook, C. L., & Payne, G. T. 2007. The past, present, and future of entrepreneurship research: Data analytic trends and training. ***Entrepreneurship Theory and Practice***, 31(4): 601–618.

Dean, T. J., & McMullen, J. S. 2007. Toward a theory of sustainable entrepreneurship: Reducing environmental degradation through entrepreneurial action. ***Journal of Business Venturing***, 22(1): 50–76.

Dees, J. G. 1998. ***The meaning of social entrepreneurship***.

Dees, J. G., & Anderson, B. B. 2003. Sector-bending: Blurring lines between nonprofit and for-profit. ***Society***, 40(4): 16–27.

Defourny, J., & Nyssens, M. 2007. 1 Defining social enterprise. ***Social enterprise: At the crossroads of market, public policies and civil society***: 3.

Delanty, G., & Strydom, P. 2003. 2: Otto Neurath, The Scientific World Conception (1929). ***Philosophies of social science: The classic and contemporary reading***: 31–34.

Denis, J.-L., Lamothe, L., & Langley, A. 2001. The dynamics of collective leadership and strategic change in pluralistic organizations. ***Academy of Management Journal***, 44(4): 809–837.

Denison, D. R., Hooijberg, R., & Quinn, R. E. 1995. Paradox and performance: Toward a theory of behavioral complexity in managerial leadership. ***Organization Science***, 6(5): 524–540.

Denrell, J. 2005. Selection bias and the perils of benchmarking. ***Harvard Business Review***, 83(4): 114–9.

Di Domenico, M., Haugh, H., & Tracey, P. 2010. Social bricolage: Theorizing social value creation in social enterprises. ***Entrepreneurship Theory and Practice***, 34(4): 681–703.

Dienhart, J. W. 2008. The Separation Thesis: Perhaps Nine Lives Are Enough: A Response to Joakim Sandberg. ***Business Ethics Quarterly***, 18(4): 555–559.

Dietz, T. 1987. Theory and Method in Social Impact Assessment*. ***Sociological Inquiry***, 57(1): 54–69.

DiMaggio, P., & Powell, W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. ***American Sociological Review***, 48(2): 147–160.

Donaldson, T., & Preston, L. E. 1995. The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. ***The Academy of Management Review***, 20(1): 65–91.

Donaldson, T., & Walsh, J. P. 2015. Toward a theory of business. ***Research in Organizational Behavior***.

Drayton, W. 2002. The citizen sector: Becoming as entrepreneurial and competitive as business. ***California Management Review***, 44(3): 120–132.

Dunn, M. B., & Jones, C. 2010. Institutional logics and institutional pluralism: The contestation of care and science logics in medical education, 1967–2005. ***Administrative Science Quarterly***, 55(1): 114–149.

Dutton, J. E., & Dukerich, J. M. 1991. Keeping An Eye on the Mirror: Image and Identity In Organizational Adaptation. ***Academy of Management Journal***, 34(3): 517–554.

Dutton, J. E., Dukerich, J. M., & Harquail, C. V. 1994. Organizational images and member identification. ***Administrative Science Quarterly***, 239–263.

Dutton, J. E., Worline, M. C., Frost, P. J., & Lilius, J. 2006. Explaining compassion organizing. ***Administrative Science Quarterly***, 51(1): 59–96.

Dweck, C. 2015. Carol Dweck revisits the growth mindset. ***Education Week***, 35(5): 20–24.

Easterly, W. R. 2006. ***The white man's burden: why the West's efforts to aid the rest have done so much ill and so little good***. Penguin.

Ebrahim, A., & Rangan, V. K. 2014. What impact? A framework for measuring the scale and scope of social performance. ***California Management Review***, 56(3): 118–141.

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

Edelman Berland. 2014. Edelman trust barometer (14th annual trust and credibility survey). ***New York, NY: Edelman Berland***.

Eden, D. 1984. Self-fulfilling prophecy as a management tool: Harnessing Pygmalion. ***Academy of Management Review***, 9(1): 64–73.

Edmondson, A. C., & McManus, S. E. 2007. Methodological fit in management field research. ***Academy of Management Review***, 32(4): 1246–1264.

Ehrlich, S. B., De Noble, A. F., Moore, T., & Weaver, R. R. 1994. After the cash arrives: A comparative study of venture capital and private investor involvement in entrepreneurial firms. ***Journal of Business Venturing***, 9(1): 67–82.

Eikenberry, A. M., & Kluver, J. D. 2004. The marketization of the nonprofit sector: Civil society at risk? ***Public Administration Review***, 64(2): 132–140.

Eikhof, D. R., & Haunschild, A. 2007. For art's sake! Artistic and economic logics in creative production. ***Journal of Organizational Behavior***, 28(5): 523–538.

Eisenhardt, K. M. 1989a. Agency theory: An assessment and review. ***Academy of Management Review***, 14(1): 57–74.

Eisenhardt, K. M. 1989b. Building Theories from Case Study Research. ***Academy of Management Review***, 14(4): 532–550.

Eisenhardt, K. M. 1989c. Making fast strategic decisions in high-velocity environments. ***Academy of Management Journal***, 32(3): 543–576.

Eisenhardt, K. M., & Graebner, M. E. 2007. Theory Building From Cases: Opportunities And Challenges. ***Academy of Management Journal***, 50(1): 25–32.

Eisenhardt, K. M., & Martin, J. A. 2000. Dynamic capabilities: what are they? ***Strategic Management Journal***, 1105–1121.

Eisenhardt, K. M., Graebner, M. E., & Sonenshein, S. 2016. Grand challenges and inductive methods: Rigor without rigor mortis. ***Academy of Management Journal***, 59(4): 1113–1123.

Ellis, S., Aharonson, B., Drori, I., & Shapira, Z. 2016. Imprinting through inheritance: A multi-genealogical study of entrepreneurial proclivity. ***Academy of Management Journal***. https://doi.org/10.5465/amj.2014.0150.

Elrod, T., Louviere, J. J., & Davey, K. S. 1992. An empirical comparison of ratings-based and choice-based conjoint models. ***JMR, Journal of Marketing Research***, 29(3): 368.

El-Sawad, A., Arnold, J., & Cohen, L. 2004. "Doublethink": The prevalence and function of contradiction in accounts of organizational life. ***Human Relations***, 57(9): 1179–1203.

Elsbach, K. D., & Kramer, R. M. 2003. Assessing creativity in Hollywood pitch meetings: Evidence for a dual-process model of creativity judgments. ***Academy of Management Journal***, 46(3): 283–301.

Enders, C. K., & Tofighi, D. 2007. Centering predictor variables in cross-sectional multilevel models: a new look at an old issue. ***Psychological Methods***, 12(2): 121.

Evans, J. S. B. 2003. In two minds: dual-process accounts of reasoning. ***Trends in Cognitive Sciences***, 7(10): 454–459.

Evenett, R., & Richter, K. 2011. Making Good in Social Impact Investment: Opportunities in an emerging asset class. ***The Social Investment Business, TheCityUK, October***.

Fallows, J. 2015, November 29. Al Gore, Felix Salmon, "Sustainability," and Aspiration. ***The Atlantic | Notes: First Drafts, Conversations, Stories in Progress***. https://www.theatlantic.com/notes/all/2015/10/al-gores-plan-to-save-capitalism-does-it-make-sense/410632/.

Fauchart, E., & Cowan, R. 2013. Weak links and the management of reputational interdependencies. ***Strategic Management Journal***.

Fauchart, E., & Gruber, M. 2011. Darwinians, Communitarians, and Missionaries: The Role of Founder Identity in Entrepreneurship. ***The Academy of Management Journal (AMJ)***, 54(5): 935–957.

Feld, B., & Mendelson, J. 2016. ***Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist [Kindle Version]***. John Wiley & Sons.

Felin, T., & Zenger, T. R. 2014. Closed or open innovation? Problem solving and the governance choice. ***Research Policy***, 43(5): 914–925.

Ferraro, F., Pfeffer, J., & Sutton, R. I. 2005. Economics language and assumptions: How theories can become self-fulfilling. ***Academy of Management Review***, 30(1): 8–24.

Fifty Years — The new Silicon Valley VC that wants to save the world AND make money. 2016, October 3. ***TechCrunch***. https://techcrunch.com/2016/10/03/50-years-the-new-silicon-valley-vc-that-wants-to-save-the-world-and-make-money/.

Fifty Years. 2018, January. Fifty Years. ***Fifty Years***. http://www.fifty.vc/.

Finkelstein, S. 1997. Interindustry merger patterns and resource dependence: A replication and extension of Pfeffer (1972). ***Strategic Management Journal***, 18(10): 787–810.

Finlay, L. 2002a. Negotiating the swamp: the opportunity and challenge of reflexivity in research practice. ***Qualitative Research***, 2(2): 209–230.

Finlay, L. 2002b. "Outing" the researcher: The provenance, process, and practice of reflexivity. ***Qualitative Health Research***, 12(4): 531–545.

Fiol, C. M. 2002. Capitalizing on paradox: The role of language in transforming organizational identities. ***Organization Science***, 13(6): 653–666.

Fiol, C. M. 2002. Capitalizing on paradox: The role of language in transforming organizational identities. ***Organization Science***, 13(6): 653–666.

Fiol, C. M., Pratt, M. G., & O'Connor, E. J. 2009. Managing intractable identity conflicts. ***Academy of Management Review***, 34(1): 32–55.

Fiss, P. C., & Zajac, E. J. 2004. The diffusion of ideas over contested terrain: The (non) adoption of a shareholder value orientation among German firms. ***Administrative Science Quarterly***, 49(4): 501–534.

Flyvbjerg, B. 2006. Five misunderstandings about case-study research. ***Qualitative Inquiry***, 12(2): 219–245.

Foreman, P., & Whetten, D. A. 2002. Members' identification with multiple-identity organizations. ***Organization Science***, 13(6): 618–635.

Fortune. 2015, September 26. Here are some of worst car scandals in history. ***Fortune***. http://fortune.com/2015/09/26/auto-industry-scandals/.

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

Foster, W., & Bradach, J. 2005. Should nonprofits seek profits. ***Harvard Business Review***, 83(2): 92–100.

Franke, N., Gruber, M., Harhoff, D., & Henkel, J. 2006. What you are is what you like—similarity biases in venture capitalists' evaluations of start-up teams. ***Journal of Business Venturing***, 21(6): 802–826.

Franke, N., Gruber, M., Harhoff, D., & Henkel, J. 2008. ***Venture Capitalists' Evaluations of Start-Up Teams: Trade-Offs, Knock-Out Criteria, and the Impact of VC Experience***.

Franklin, J. 2017, July 10. UBS raises $325 million for Bono-backed impact investment fund. ***Reuters***. Zurich. https://www.reuters.com/article/us-ubs-group-ag-philanthropy-wealth/ubs-raises-325-million-for-bono-backed-impact-investment-fund-idUSKBN19V0Z7.

Freedman, S., Vartikar, J., Wiebeck, A., & Zoltan, T. 2016. ***Doing well by doing good: Impact investing***. UBS. https://www.ubs.com/global/en/wealth-management/chief-investment-office/key-topics/sustainable-impact-investing/_jcr_content/mainpar/toplevelgrid_2021868618/col1/linklist/link.0109923394.file/bGluay9wYXRoPS9jb250ZW50L2RhbS9hc3NldHMvd20vZ2xvYmFsL2Npby9kb2Mvc3VzdGFpbmFibGUtaW52ZXN0aW5nLWVuLnBkZg==/sustainable-investing-en.pdf.

Freeman, R. E. 1984. ***Strategic management: A stakeholder approach***. Boston, MA: Pitman.

Freeman, R. E. 2004. ***Book review essay: the relevance of Richard Rorty to management research***. JSTOR.

Freeman, R. E., & Reed, D. L. 1983. Stockholders and stakeholders: A new perspective on corporate governance. ***California Management Review***, 25(3): 88–106.

Freireich, J., & Fulton, K. 2009. ***Investing for Social and Environmental Impact: A Design for Catalyzing an Emerging Industry***. Web: Monitor Institute. http://www.monitorinstitute.com/what-we-think/impact-investing/#impact-investing.

Fried, V. H., & Hisrich, R. D. 1988. Venture capital research: past, present and future. ***Entrepreneurship Theory and Practice***, 13(1): 15–28.

Friedland, R., & Alford, R. R. 1991. Bringing society back in: Symbols, practices and institutional contradictions. In P. DiMaggio & W. W. Powell (Eds.), ***The new institutionalism in organizational analysis***: 232–263. Chicago: University of Chicago Press.

Friedman, M. 1953. The methodology of positive economics. ***Essays in Positive Economics***, 3(3).

Friedman, M. 1970, September 13. The Social Responsibility of Business is to Increase its Profits. ***The New York Times Magazine***.

Frumkin, P. 2003. Inside venture philanthropy. ***Society***, 40(4): 7–15.

Gadamer, H.-G. 1989. ***Truth and Method*** (Second, Revised Edition). New York: The Crossroad Publishing Corporation.

Galaskiewicz, J., & Barringer, S. N. 2012. Social enterprises and social categories. ***Social Enterprises***: 47–70. Springer.

Gehman, J., Grimes, M. G., & Cao, K. 2018. Why We Care About Certified B Corporations: From Valuing Growth to Certifying Values. ***Academy of Management Discoveries***.

Gehman, J., Trevino, L. K., & Garud, R. 2013. Values work: A process study of the emergence and performance of organizational values practices. ***Academy of Management Journal***, 56(1): 84–112.

George, G., Howard-Grenville, J., Joshi, A., & Tihanyi, L. 2016. Understanding and tackling societal grand challenges through management research. ***Academy of Management Journal,*** 59(6): 1880.

Gertler, M. S. 2003. Tacit knowledge and the economic geography of context, or the undefinable tacitness of being (there). ***Journal of Economic Geography***, 3(1): 75–99.

Ghemawat, P., & Ricart Costa, J. E. 1993. The organizational tension between static and dynamic efficiency. ***Strategic Management Journal***, 14(S2): 59–73.

Ghoshal, S. 2005. Bad management theories are destroying good management practices. ***Academy of Management Learning & Education***, 4(1): 75–91.

Ghoshal, S., & Moran, P. 1996. Bad for practice: A critique of the transaction cost theory. ***Academy of Management Review***, 21(1): 13–47.

Gibbert, M., Ruigrok, W., & Wicki, B. 2008. What passes as a rigorous case study? ***Strategic Management Journal***, 29(13): 1465–1474.

Gibson, C. B., & Birkinshaw, J. 2004. The antecedents, consequences, and mediating role of organizational ambidexterity. ***Academy of Management Journal***, 47(2): 209–226.

Gioia, D. A. 1998. From individual to organizational identity. In D. A. Whetten & P. C. Godfrey (Eds.), ***Identity in organizations: Building theory through conversations***: 17–31. Thousand Oaks, CA: Sage.

Gioia, D. A., & Chittipeddi, K. 1991. Sensemaking and Sensegiving in Strategic Change Initiation. ***Strategic Management Journal***, 12(6): 433–448.

Gioia, D. A., Corley, K. G., & Hamilton, A. L. 2013. Seeking qualitative rigor in inductive research notes on the Gioia methodology. ***Organizational Research Methods***, 16(1): 15–31.

Gioia, D. A., Schultz, M., & Corley, K. G. 2000. Organizational Identity, Image, and Adaptive Instability. ***The Academy of Management Review***, 25(1): 63–81.

Gioia, D. A., Thomas, J. B., Clark, S. M., & Chittipeddi, K. 1994. Symbolism and strategic change in academia: The dynamics of sensemaking and influence. ***Organization Science***, 5(3): 363–383.

Glaser, B. G., & Strauss, A. L. 2009. ***The discovery of grounded theory: Strategies for qualitative research***. Transaction Publishers.

Glaser, V. L., Fast, N. J., Harmon, D. J., & Green Jr., S. E. 2016. Institutional frame switching: How institutional logics shape individual action. ***How Institutions Matter!*** 35–69. Emerald Group Publishing Limited.

Glynn, M. A. 2000. When cymbals become symbols: Conflict over organizational identity within a symphony orchestra. ***Organization Science***, 11(3): 285–298.

Godelnik, R. 2018, January 31. Beyond the BlackRock CEO Letter: Why We Need Green Barbarians At the Gate. ***Triple Pundit: People, Planet, Profit***. https://www.triplepundit.com/2018/01/need-green-barbarians-gate-not-just-nice-letters/.

Golden, B. 1997. Further remarks on retrospective accounts in organizational and strategic management research. ***Academy of Management Journal***, 1243–1252.

Golden, B. R. 1992. The past is the past—or is it? The use of retrospective accounts as indicators of past strategy. ***Academy of Management Journal***, 35(4): 848–860.

Goldenberg, D. H., & Goldenberg, M. D. 2009. Why entrepreneurs and VCs disagree in valuing start-up firms: imputing the target rate of return using DCF vs. option-based approaches. ***The Journal of Private Equity***, 73–79.

Golden-Biddle, K., & Rao, H. 1997. Breaches in the boardroom: Organizational identity and conflicts of commitment in a nonprofit organization. ***Organization Science***, 8(6): 593–611.

Gompers, P., Mukharlyamov, V., & Xuan, Y. 2012. ***The cost of friendship***. National Bureau of Economic Research.

Gorman, M., & Sahlman, W. A. 1989. What do venture capitalists do? ***Journal of Business Venturing***, 4(4): 231–248.

Goslin, L. N., & Barge, B. 1986. Entrepreneurial qualities considered in venture capital support. In R. Ronstadt, J.A. Hornaday, R. Petersen, & K.H. Vesper (Eds.), ***Frontiers of entrepreneurship research***: 366–377. Wellesley, MA: Babson College.

Gotsi, M., Andriopoulos, C., Lewis, M. W., & Ingram, A. E. 2010. Managing creatives: Paradoxical approaches to identity regulation. ***Human Relations***, 63(6): 781–805.

Grabenwarter, U., & Liechtenstein, H. 2011. ***In search of gamma-an unconventional perspective on impact investing***. IESE Business School, University of Navarra; Family Office Foundation.

Graham, P. 2013. ***Meet Watsi, Y Combinator's First Nonprofit***. ycombinator.com/watsi.html.

Grant, A. M. 2007. Relational job design and the motivation to make a prosocial difference. ***Academy of Management Review***, 32(2): 393–417.

Grant, A. M. 2012. Giving time, time after time: Work design and sustained employee participation in corporate volunteering. ***Academy of Management Review***, 37(4): 589–615.

Grant, A. M. 2012. Leading with meaning: Beneficiary contact, prosocial impact, and the performance effects of transformational leadership. ***Academy of Management Journal***, 55(2): 458–476.

Grant, A. M. 2013. ***Give and take: A revolutionary approach to success***. Hachette UK.

Grant, A. M., Dutton, J. E., & Rosso, B. D. 2008. Giving commitment: Employee support programs and the prosocial sensemaking process. ***Academy of Management Journal***, 51(5): 898–918.

Grant, R. M. 1999. The resource-based theory of competitive advantage: implications for strategy formulation. ***Knowledge and strategy***: 3–23. Elsevier.

Green, P. E., & Srinivasan, V. 1990. Conjoint Analysis in Marketing: New Developments with Implications for Research and Practice. ***Journal of Marketing***, 54(4): 3–19.

Green, P. E., Krieger, A. M., & Wind, Y. 2001. Thirty Years of Conjoint Analysis: Reflections and Prospects. ***Interfaces***, 31(3_supplement): S56–S73.

Greenwood, R., & Hinings, C. R. 1996. Understanding radical organizational change: Bringing together the old and the new institutionalism. ***Academy of Management Review***, 21(4): 1022–1054.

Greenwood, R., & Suddaby, R. 2006. Institutional entrepreneurship in mature fields: The big five accounting firms. ***Academy of Management Journal***, 49(1): 27–48.

Greenwood, R., Díaz, A. M., Li, S. X., & Lorente, J. C. 2010. The multiplicity of institutional logics and the heterogeneity of organizational responses. ***Organization Science***, 21(2): 521–539.

Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R., & Lounsbury, M. 2011. Institutional complexity and organizational responses. ***The Academy of Management Annals***, 5(1): 317–371.

Grilli, L., & Murtinu, S. 2014. Government, venture capital and the growth of European high-tech entrepreneurial firms. ***Research Policy***, 43(9): 1523–1543.

Grinyer, P. H., & Norburn, D. 1975. Planning for existing markets: Perceptions of executives and financial performance. ***Journal of the Royal Statistical Society. Series A (General)***, 70–97.

Gruber, M., Kim, S. M., & Brinckmann, J. 2015. What is an Attractive Business Opportunity? An Empirical Study of Opportunity Evaluation Decisions by Technologists, Managers, and Entrepreneurs. ***Strategic Entrepreneurship Journal***, 9(3): 205–225.

Guay, T., Doh, J. P., & Sinclair, G. 2004. Non-governmental organizations, shareholder activism, and socially responsible investments: Ethical, strategic, and governance implications. ***Journal of Business Ethics***, 52(1): 125–139.

Gulati, R., & Puranam, P. 2009. Renewal through reorganization: The value of inconsistencies between formal and informal organization. ***Organization Science***, 20(2): 422–440.

Guler, I. 2007. Throwing Good Money after Bad? Political and Institutional Influences on Sequential Decision Making in the Venture Capital Industry. ***Administrative Science Quarterly***, 52(2): 248–285.

Gupta, A. K., & Govindarajan, V. 2002. Cultivating a global mindset. ***The Academy of Management Executive***, 16(1): 116–126.

Hahn, G. J., & Shapiro, S. S. 1966. ***A Catalog and Computer Program for the Design and Analysis of Orthogonal Symmetric and Asymmetric Fractional Factorial Experiments***. no. 66–C–165, Schenectady, N.Y.: G.E. Research and Development Center.

Haigh, N., Kennedy, E. D., & Walker, J. 2015. Hybrid organizations as shape-shifters: Altering legal structure for strategic gain. ***California Management Review***, 57(3): 59–82.

Hall, & Hofer, C. W. 1993. Venture capitalists' decision criteria in new venture evaluation. ***Journal of Business Venturing***, 8(1): 25–42.

Hammersley, M. 2006. Ethnography: problems and prospects. ***Ethnography and Education***, 1(1): 3–14.

Han, S.-P., & Shavitt, S. 1994. Persuasion and culture: Advertising appeals in individualistic and collectivistic societies. ***Journal of Experimental Social Psychology***, 30(4): 326–350.

Hannan, M. T., & Freeman, J. 1977. The population ecology of organizations. ***American Journal of Sociology***, 929–964.

Hansmann, H. B. 1980. The role of nonprofit enterprise. ***The Yale Law Journal***, 89(5): 835–901.

Harb, C., & Smith, P. B. 2008. Self-Construals Across Cultures: Beyond Independence—Interdependence. ***Journal of Cross-Cultural Psychology***, 39(2): 178–197.

Harding, R. 2007. Understanding Social Entrepreneurship. ***Industry and Higher Education***, 21(1): 73–84.

Hargadon, A., & Sutton, R. I. 1997. Technology brokering and innovation in a product development firm. ***Administrative Science Quarterly***, 716–749.

Hargrave, T. J., & Van de Ven, A. H. 2017. Integrating dialectical and paradox perspectives on managing contradictions in organizations. ***Organization Studies***, 38(3–4): 319–339.

Harji, K., & Jackson, E. T. 2012. Accelerating impact: Achievements, challenges and what's next in building the impact investing industry. ***New York City: The Rockefeller Foundation***.

Harold, J., Spitzer, & Emerson. 2007. ***Blended Value Investing: Integrating Environmental Risk and Opporutnities Into Securities Valuation***. Oxford, UK: Skoll Center for Entrepreneurship.

Hart, S. L., & Christensen, C. M. 2002. The great leap. ***Sloan Management Review***, 44(1): 51–56.

Haugh, H. 2007. Community-Led Social Venture Creation. ***Entrepreneurship Theory and Practice***, 31(2): 161–182.

Haveman, H. A., & Rao, H. 1997. Structuring a theory of moral sentiments: Institutional and organizational coevolution in the early thrift industry. ***American Journal of Sociology***, 102(6): 1606–1651.

Haveman, H. A., & Rao, H. 2006. Hybrid forms and the evolution of thrifts. ***American Behavioral Scientist***, 49(7): 974–986.

Healey, J. F., & Hoyt, D. 2013. Acumen Fund and WaterHealth International: The Role of Venture Philanthropy (Case: SM-158). ***Stanford Graduate School of Business***. http://csi.gsb.stanford.edu/acumen-fund-and-water-health-international-the-role-of-venture-philanthropy.

Healy, B. 2014, August 20. Bain Capital buys 50 percent of TOMS Shoes - The Boston Globe. ***The Boston Globe***. https://www.bostonglobe.com/business/2014/08/20/bain-capital-buys-percent-toms-shoes/gMrKiQ2PWX5bBzfIdpjlTJ/story.html.

Heath, C., & Sitkin, S. B. 2001. Big-B versus Big-O: What is organizational about organizational behavior? ***Journal of Organizational Behavior***, 22(1): 43–58.

Heckman, J. J., & Smith, J. A. 1995. Assessing the case for social experiments. ***Journal of Economic Perspectives***, 9(2): 85–110.

Hedberg, B. L., Nystrom, P. C., & Starbuck, W. H. 1976. Camping on seesaws: Prescriptions for a self-designing organization. ***Administrative Science Quarterly***, 41–65.

Heimer, C. A. 1999. Competing institutions: Law, medicine, and family in neonatal intensive care. ***Law and Society Review***, 17–66.

Hellmann, T. 2002. A theory of strategic venture investing. ***Journal of Financial Economics***, 64(2): 285–314.

Hemingway, C. A. 2005. Personal values as a catalyst for corporate social entrepreneurship. ***Journal of Business Ethics***, 60(3): 233–249.

Herron, L., & Sapienza, H. 1992. The Entrepreneur and the Initiation of New Venture Launch Activities. ***Entrepreneurship: Theory and Practice***, 17(1): 49–55.

Hisrich, R. D., & Jankowicz, A. D. 1990. Intuition in venture capital decisions: An exploratory study using a new technique. ***Journal of Business Venturing***, 5(1): 49–62.

Hochberg, Y. V., Ljungqvist, A., & Lu, Y. 2007. Whom you know matters: Venture capital networks and investment performance. ***The Journal of Finance***, 62(1): 251–301.

Höchstädter, A. K., & Scheck, B. 2015. What's in a name: An analysis of impact investing understandings by academics and practitioners. ***Journal of Business Ethics***, 132(2): 449–475.

Hockerts, K. 2006. Entrepreneurial opportunity in social purpose business ventures. ***Social Entrepreneurship***, 1: 142–154.

Hofmann, D. A., & Gavin, M. B. 1998. Centering decisions in hierarchical linear models: Implications for research in organizations. ***Journal of Management***, 24(5): 623–641.

Hogg, M. A., & Terry, D. J. 2014. ***Social identity processes in organizational contexts***. Psychology Press.

Hogg, M. A., Terry, D., & White, K. 1995. A Tale of Two Theories. ***Social Psychology Quarterly***, 58(4): 255–269.

Hollensbe, E., Wookey, C., Hickey, L., George, G., & Nichols, C. V. 2014. Organizations with Purpose. ***Academy of Management Journal***, 57(5): 1227–1234.

Horkheimer, M. 1972. Critical Theory: Selected Essays. ***Traditional and Critical Theory***. New York: The Seabury Press.

Howard, J. A. 2000. Social psychology of identities. ***Annual Review of Sociology***, 26(1): 367–393.

Howard-Grenville, J., Buckle, S. J., Hoskins, B. J., & George, G. 2014. Climate change and management. ***Academy of Management Journal***, 57(4): 615–623.

Howell, K., & Dinan, S. 2015, August 26. Solyndra misled government to get $535M solar project loan: report. ***The Washington Times***. https://www.washingtontimes.com/news/2015/aug/26/solyndra-misled-government-get-535-million-solar-p/.

Hsu, D. H. 2004. What do entrepreneurs pay for venture capital affiliation? ***The Journal of Finance***, 59(4): 1805–1844.

Huang, L. 2017. The Role of Investor Gut Feel in Managing Complexity and Extreme Risk. ***Academy of Management Journal***. https://doi.org/10.5465/amj.2016.1009.

Huang, L., & Knight, A. P. 2017. Resources and relationships in entrepreneurship: an exchange theory of the development and effects of the entrepreneur-investor relationship. ***Academy of Management Review***, 42(1): 80–102.

Impact Management Project. 2017, July. ***Investor's Perspective: A Shared Convention for Impact Management***. http://www.impactmanagementproject.com/latest/investor-guidance/.

Ingstad, E. L., Knockaert, M., & Fassin, Y. 2014. Smart money for social ventures: an analysis of the value-adding activities of philanthropic venture capitalists. ***Venture Capital***, 16(4): 349–378.

Irvine, W. B. 1987. The ethics of investing. ***Journal of Business Ethics***, 6(3): 233–242.

Jackall, R. 1988. ***Moral Mazes: The World of Corporate Managers***. New York, NY: Oxford University Press.

Jackson, E. T. 2013. Interrogating the theory of change: Evaluating impact investing where it matters most. ***Journal of Sustainable Finance and Investment***, 3: 95.

Jansson, M., Sandberg, J., Biel, A., & Gärling, T. 2014. Should pension funds' fiduciary duty be extended to include social, ethical and environmental concerns? A study of beneficiaries' preferences. ***Journal of Sustainable Finance & Investment***, 4(3): 213–229.

Jarzabkowski, P., & Sillince, J. 2007. A rhetoric-in-context approach to building commitment to multiple strategic goals. ***Organization Studies***, 28(11): 1639–1665.

Jay, J. 2013. Navigating paradox as a mechanism of change and innovation in hybrid organizations. ***Academy of Management Journal***, 56(1): 137–159.

Jegen, D. L. 1998. Community development venture capital. ***Nonprofit Management and Leadership***, 9(2): 187–200.

Johansson, U., & Woodilla, J. 2005. Irony–its use and potential in organization theory. ***Irony and Organizations Epistemological Claims and Supporting Field Stories***, 25–51.

Jones, C., & Massa, F. G. 2013. From novel practice to consecrated exemplar: Unity Temple as a case of institutional evangelizing. ***Organization Studies***, 34(8): 1099–1136.

Jones, C., Maoret, M., Massa, F. G., & Svejenova, S. 2012. Rebels with a cause: Formation, contestation, and expansion of the de novo category "modern architecture," 1870–1975. ***Organization Science***, 23(6): 1523–1545.

Jones, M. B. 2007. The multiple sources of mission drift. ***Nonprofit and Voluntary Sector Quarterly***, 36(2): 299–307.

Kaji, S. 2015a, August 4. The Past, Present & Future of Micro-VC. ***CB Insights***. https://www.cbinsights.com/blog/past-present-future-micro-vc/.

Kaji, S. 2015b, March 8. Mapping out Micro-VC - Updated 8/7/2015. ***VC banker***. http://pevcbanker.com/mapping-out-micro-vc/.

Kant, I., Wood, A. W., & Schneewind, J. B. 2002. ***Groundwork for the Metaphysics of Morals***. Yale University Press.

Kanze, D., Huang, L., Conley, M. A., & Higgins, E. T. 2017. We Ask Men to Win & Women Not to Lose: Closing the Gender Gap in Startup Funding. ***Academy of Management Journal***. https://doi.org/10.5465/amj.2016.1215.

Kaplan, S. 2008. Framing contests: Strategy making under uncertainty. ***Organization Science***, 19(5): 729–752.

Karnani, A. 2007. The Mirage of Marketing to the Bottom of the Pyramid. ***California Management Review***, 49(4): 90–111.

Kaul, A., & Luo, J. 2016. An economic case for CSR: The comparative efficiency of for-profit firms in meeting consumer demand for social goods. ***Strategic Management Journal***.

Kendall, J., & Knapp, M. 2000. Measuring the performance of voluntary organizations. ***Public Management Review***, 2(1): 105–132.

Kent, D., & Dacin, M. T. 2013. Bankers at the gate: Microfinance and the high cost of borrowed logics. ***Journal of Business Venturing***, 28(6): 759–773.

Kerlin, J. A. 2006. Social enterprise in the United States and Europe: Understanding and learning from the differences. ***Voluntas: International Journal of Voluntary and Nonprofit Organizations***, 17(3): 246.

Khan, A. M. 1986. Entrepreneur characteristics and the prediction of new venture success. ***Omega***, 14(5): 365–372.

Kim, S., Karlesky, M. J., Myers, C. G., & Schifeling, T. 2016. Why Companies are becoming B-Corporations. ***Harvard Business Review***, 17.

King, A. A., & Lenox, M. J. 2001. Does it really pay to be green? An empirical study of firm environmental and financial performance: An empirical study of firm environmental and financial performance. ***Journal of Industrial Ecology***, 5(1): 105–116.

Kistruck, G. M., Sutter, C. J., Lount, R. B., & Smith, B. R. 2013. Mitigating Principal-Agent Problems in Base-of-the-Pyramid Markets: An Identity Spillover Perspective. ***Academy of Management Journal***, 56(3): 659–682.

Knafo, S. 2015, May 29. One Retailer's Unusual Message: "Don"t Buy So Much Stuff'. ***The Atlantic***. https://www.theatlantic.com/business/archive/2015/05/one-retailers-counterintuitive-message-dont-buy-so-much-stuff/394343/.

Kogut, B., & Zander, U. 1996. What firms do? Coordination, identity, and learning. ***Organization Science***, 7(5): 502–518.

Kolodny, L. 2017, January 5. Better Ventures closes $21 million fund to back the next Tesla or Patagonia | TechCrunch. ***TechCrunch***. https://techcrunch.com/2017/01/05/better-ventures-closes-21-million-fund-to-back-the-next-tesla-or-patagonia/.

Kostova, T., & Zaheer, S. 1999. Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. ***Academy of Management Review***, 24(1): 64–81.

Kraatz, M. S., & Block, E. S. 2008. Organizational implications of institutional pluralism. In R. Greenwood, C. Oliver, K. Sahlin-Andersson, & R. Suddaby (Eds.), ***The Handbook of Organizational Institutionalism***, vol. 840: 243–275. SAGE Publications Inc.

Kraatz, M. S., & Zajac, E. J. 1996. Exploring the limits of the new institutionalism: The causes and consequences of illegitimate organizational change. ***American Sociological Review***, 812–836.

Kreiner, G. E., Hollensbe, E. C., & Sheep, M. L. 2006. Where is the "me" among the "we"? Identity work and the search for optimal balance. ***Academy of Management Journal***, 49(5): 1031–1057.

Kroeger, A., & Weber, C. 2015. Developing a conceptual framework for comparing social value creation. ***Academy of Management Review***, 39(4): 513–540.

Krouse, S. 2018, January 16. BlackRock CEO to Companies: Pay Attention To "Societal Impact." ***Wall Street Journal***. https://www.wsj.com/articles/blackrock-ceo-to-companies-pay-attention-to-societal-impact-1516120840.

Kolodny, L. 2016, June 23. Malala Fund co-founder Shiza Shahid, AngelList partner to back "mission-driven" startups. ***TechCrunch***. https://techcrunch.com/2016/06/23/malala-fund-co-founder-shiza-shahid-angellist-partner-to-back-mission-driven-startups/.

Kuhfeld, W. F. 2005. Marketing research methods in SAS. ***Experimental Design, Choice, Conjoint, and Graphical Techniques. Cary, NC, SAS-Institute TS-722***.

Kutner, M. H., Nachtsheim, C., & Neter, J. 2004. ***Applied linear regression models***. McGraw-Hill/Irwin.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. 2002. Investor protection and corporate valuation. ***The Journal of Finance***, 57(3): 1147–1170.

Lakatos, I. 1970. Falsification and the methodology of scientific research programmes. ***Criticism and the Growth of Knowledge***, 4: 91–196.

Langley, A. 1999. Strategies for theorizing from process data. ***Academy of Management Review***, 24(4): 691–710.

Langley, A. 2007. Process thinking in strategic organization. ***Strategic Organization***, 5(3): 271–282.

Lasprogata, G. A., & Cotten, M. N. 2003. Contemplating "enterprise": The business and legal challenges of social entrepreneurship. ***American Business Law Journal***, 41(1): 67–114.

Laureiro-Martínez, D., & Brusoni, S. forthcoming. Cognitive Flexibility and Adaptive Decision-Making: Evidence from a laboratory study of expert decision-makers. ***Strategic Management Journal***.

Lee, B. H., Hiatt, S. R., & Lounsbury, M. 2017. Market mediators and the trade-offs of legitimacy-seeking behaviors in a nascent category. ***Organization Science***, 28(3): 447–470.

Lee, M., & Jay, J. 2015. Strategic responses to hybrid social ventures. ***California Management Review***, 57(3): 126–148.

Letts, C. W., Ryan, W., & Grossman, A. 1997. Virtuous capital: What foundations can learn from venture capitalists. ***Harvard Business Review***, 75: 36–50.

Levitt, B., & March, J. G. 1988. Organizational learning. ***Annual Review of Sociology***, 319–340.

Levy, O., Beechler, S., Taylor, S., & Boyacigiller, N. A. 2007. What we talk about when we talk about "global mindset": Managerial cognition in multinational corporations. ***Journal of International Business Studies***, 38(2): 231–258.

Li, Y., Vertinsky, I. B., & Li, J. 2014. National distances, international experience, and venture capital investment performance. ***Journal of Business Venturing***, 29(4): 471–489.

Licht, A. N. 2010. Entrepreneurial motivations, culture, and the law. ***Entrepreneurship and culture***: 11–40. Springer.

Liebrand, W. B., Jansen, R. W., Rijken, V. M., & Suhre, C. J. 1986. Might over morality: Social values and the perception of other players in experimental games. ***Journal of Experimental Social Psychology***, 22(3): 203–215.

Light, P. C. 2006. Reshaping social entrepreneurship. ***Stanford Social Innovation Review***, 4(3): 47–51.

Lindlof, T. R. 2008. Verstehen vs Erklären. ***The International Encyclopedia of Communication***.

Lingane, A., & Olsen, S. 2004. Guidelines for social return on investment. ***California Management Review***, 46(3): 116–135.

Livengood, R. S., & Reger, R. K. 2010. That's our turf! Identity domains and competitive dynamics. ***Academy of Management Review***, 35(1): 48–66.

Locke, K. 1996. Rewriting the discovery of grounded theory after 25 years? ***Journal of Management Inquiry***, 5(3): 239–245.

Locke, K., & Golden-Biddle, K. 1997. Constructing opportunities for contribution: Structuring intertextual coherence and "problematizing" in organizational studies. ***Academy of Management Journal***, 40(5): 1023–1062.

Lohrke, F. T., Holloway, B. B., & Woolley, T. W. 2010. Conjoint analysis in entrepreneurship research: A review and research agenda. ***Organizational Research Methods***, 13(1): 16–30.

Lok, J. 2010. Institutional logics as identity projects. ***Academy of Management Journal***, 53(6): 1305–1335.

London, T., & Hart, S. L. 2004. Reinventing Strategies for Emerging Markets: Beyond the Transnational Model. ***Journal of International Business Studies***, 35(5): 350–370.

Lounsbury, M., & Glynn, M. A. 2001. Cultural entrepreneurship: Stories, legitimacy, and the acquisition of resources. ***Strategic Management Journal***, 22(6–7): 545–564.

Lounsbury, M., Ventresca, M., & Hirsch, P. M. 2003. Social movements, field frames and industry emergence: a cultural–political perspective on US recycling. ***Socio-Economic Review***, 1(1): 71–104.

Love, E. G., & Kraatz, M. 2009. Character, conformity, or the bottom line? How and why downsizing affected corporate reputation. ***Academy of Management Journal***, 52(2): 314–335.

Lüscher, L. S., & Lewis, M. W. 2008. Organizational change and managerial sensemaking: Working through paradox. ***Academy of Management Journal***, 51(2): 221–240.

Lyon, F., & Ramsden, M. 2006. Developing fledgling social enterprises? A study of the support required and means of delivering it. ***Social Enterprise Journal***, 2(1): 27–41.

Lyons, T. S., & Kickul, J. R. 2013. The social enterprise financing landscape: The lay of the land and new research on the horizon. ***Entrepreneurship Research Journal***, 3(2): 147–159.

MacKinnon, J. B. 2015, May 21. Patagonia's Anti-Growth Strategy. ***The New Yorker***.

MacMillan, I. C., Kulow, D., & Kholyian, R. 1989. Venture capitalists' involvement in their investments: Extent and performance. ***Journal of Business Venturing***, 4(1): 27–47.

MacMillan, I. C., Siegel, R., & Narasimha, P. 1985. Criteria used by venture capitalists to evaluate new venture proposals. ***Journal of Business Venturing***, 1(1): 119–128.

MacMillan, I. C., Zemann, L., & Subbanarasimha, P. N. 1987. Criteria distinguishing successful from unsuccessful ventures in the venture screening process. ***Journal of Business Venturing***, 2(2): 123–137.

Mair, J., & Hehenberger, L. 2014. Front-Stage and Backstage Convening: The Transition from Opposition to Mutualistic Coexistence in Organizational Philanthropy. ***Academy of Management Journal***, 57(4): 1174–1200.

Mair, J., & Martí, I. 2006. Social entrepreneurship research: A source of explanation, prediction, and delight. ***Journal of World Business***, 41(1): 36–44.

Mair, J., Marti, I., & Ventresca, M. J. 2012. Building inclusive markets in rural Bangladesh: how intermediaries work institutional voids. ***Academy of Management Journal***, 55(4): 819–850.

Mair, J., Wolf, M., & Seelos, C. 2016. Scaffolding: a process of transforming patterns of inequality in small-scale societies. ***Academy of Management Journal.*** https://doi.org/10.5465/amj.2015.0725.

Manigart, S., Wright, M., Robbie, K., Desbrieres, P., & De Waele, K. 1997. Venture capitalists' appraisal of investment projects: an empirical European study. ***Entrepreneurship Theory and Practice***, 21(4): 29–43.

Marantz, A. 2016, June 9. How "Silicon Valley" Nails Silicon Valley. ***The New Yorker***. http://www.newyorker.com/culture/culture-desk/how-silicon-valley-nails-silicon-valley.

March, J. G. 1991. Exploration and Exploitation in Organizational Learning. ***Organization Science***, 2(1): 71–87.

March, J. G. 1994. ***Primer on decision making: How decisions happen***. Simon and Schuster.

March, J. G. 1999. ***The Pursuit of Organizational Intelligence***. Malden, MA: Blackwell.

Marglin, S. A. 2008. ***The dismal science: How thinking like an economist undermines community***. Harvard University Press.

Margolis, J. D., & Walsh, J. P. 2003. Misery Loves Companies: Rethinking Social Initiatives by Business. ***Administrative Science Quarterly***, 48(2): 268–305.

Marquis, C., & Lounsbury, M. 2007. Vive la résistance: Competing logics and the consolidation of US community banking. ***Academy of Management Journal***, 50(4): 799–820.

Marquis, C., & Park, A. 2014. ***Inside the buy-one give-one model***.

Marquis, C., & Tilcsik, A. 2013. Imprinting: Toward a multilevel theory. ***Academy of Management Annals***, 7(1): 195–245.

Mars, M. M., & Lounsbury, M. 2009. Raging against or with the private marketplace? Logic hybridity and eco-entrepreneurship. ***Journal of Management Inquiry***, 18(1): 4–13.

Martens, M. L., Jennings, J. E., & Jennings, P. D. 2007. Do the Stories They Tell Get Them the Money They Need? The Role of Entrepreneurial Narratives in Resource Acquisition. ***The Academy of Management Journal***, 50(5): 1107–1132.

Marti, I., Courpasson, D., & Barbosa, S. D. 2013. "Living in the fishbowl". Generating an entrepreneurial culture in a local community in Argentina. ***Journal of Business Venturing***, 28(1): 10–29.

Martino, P. 2015, April 26. The Micro VC Shakeout. ***TechCrunch***. https://techcrunch.com/2015/04/26/the-microvc-shakeout/.

Maslow, A. 1943. A theory of human motivation. ***Psychological Review***, 50(4): 370–396.

Mason, R. O. 1969. A dialectical approach to strategic planning. ***Management Science***, 15(8): B–403.

Matsusaka, J. G. 1993. Target profits and managerial discipline during the conglomerate merger wave. ***The Journal of Industrial Economics***, 179–189.

Matten, D., & Moon, J. 2008. "Implicit" and "explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. ***Academy of Management Review***, 33(2): 404–424.

Mattermark. 2015, December 8. The Micro VCs Are Coming. ***Mattermark***. https://mattermark.com/the-micro-vcs-are-coming/.

McEvily, B., Soda, G., & Tortoriello, M. 2014. More formally: Rediscovering the missing link between formal organization and informal social structure. ***The Academy of Management Annals***, 8(1): 299–345.

McGoey, L. 2012. Philanthrocapitalism and its critics. ***Poetics***, 40(2): 185–199.

McGoey, L. 2014. The philanthropic state: market–state hybrids in the philanthrocapitalist turn. ***Third World Quarterly***, 35(1): 109–125.

McGrath, R. G., & MacMillan, I. C. 2000. ***The entrepreneurial mindset : strategies for continuously creating opportunity in an age of uncertainty***. Boston, Mass.; New York: Harvard Business School ; McGraw-Hill.

McMullen, J. S., & Shepherd, Dean A. 2006. Encouraging consensus-challenging research in universities. ***Journal of Management Studies***, 43(8): 1643–1669.

McMullen, J. S., & Shepherd, Dean A. 2006. Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. ***Academy of Management Review***, 31(1): 132.

McMullen, J. S., & Warnick, B. J. 2016. Should We Require Every New Venture to Be a Hybrid Organization? ***Journal of Management Studies***, 53(4).

McPherson, C. M., & Sauder, M. 2013. Logics in action: Managing institutional complexity in a drug court. ***Administrative Science Quarterly***, 58(2): 165–196.

McWilliams, A., & Siegel, D. S. 2001. Corporate social responsibility: A theory of the firm perspective. ***Academy of Management Review***, 26(1): 117–127.

Merriam-Webster.com. 2018a. ***appropriate***. https://www.merriam-webster.com/dictionary/appropriate.

Merriam-Webster.com. 2018b. ***social***. https://www.merriam-webster.com/dictionary/social.

Meyer, J. W., & Rowan, B. 1977. Institutionalized Organizations: Formal Structure as Myth and Ceremony. ***American Journal of Sociology***, 83(2): 340–363.

Miles, M. B., & Huberman, A. M. 1994. ***Qualitative data analysis: An expanded sourcebook***. Sage.

Miller, D. 1993. The architecture of simplicity. ***Academy of Management Review***, 18(1): 116–138.

Miller, T. L., & Wesley II, C. L. 2010. Assessing mission and resources for social change: An organizational identity perspective on social venture capitalists' decision criteria. ***Entrepreneurship Theory and Practice***, 34(4): 705–733.

Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. 2012. Venturing for others with heart and head: How compassion encourages social entrepreneurship. ***Academy of Management Review***, 37(4): 616–640.

Miller, T. L., Wesley, C. L., & Williams, D. E. 2012. Educating the Minds of Caring Hearts: Comparing the Views of Practitioners and Educators on the Importance of Social Entrepreneurship Competencies. Academy of Management Learning & Education, 11(3): 349–370.

Milway, K. S., & Goulay, C. D. 2013. ***The Rise of Social Entrepreneurship in B-Schools in Three Charts***. https://hbr.org/2013/02/the-rise-of-social-entrepreneu/.

Mintzberg, H. 1978. Patterns in strategy formation. ***Management Science***, 24(9): 934–948.

Mintzberg, H. 1979. Design of Positions: Job Specialization. ***The Structuring of Organizations***: 65–69. Englewood Cliffs, NJ: Prentice Hall.

Mintzberg, H., & Waters, J. A. 1982. Tracking strategy in an entrepreneurial firm. ***Academy of Management Journal***, 25(3): 465–499.

Mintzberg, H., & Waters, J. A. 1985. Of strategies, deliberate and emergent. ***Strategic Management Journal***, 6(3): 257–272.

Mintzberg, H., Raisinghani, D., & Theoret, A. 1976. The structure of" unstructured" decision processes. ***Administrative Science Quarterly***, 246–275.

Miron-Spektor, E., Ingram, A., Keller, J., Smith, W. K., & Lewis, M. W. 2018. Microfoundations of organizational paradox: The problem is how we think about the problem. ***Academy of Management Journal***, 61(1): 26–45.

Mitchell, R. K., Agle, B. R., & Wood, D. J. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. ***Academy of Management Review***, 22(4): 853–886.

Mitteness, C., Sudek, R., & Cardon, M. S. 2012. Angel investor characteristics that determine whether perceived passion leads to higher evaluations of funding potential. ***Journal of Business Venturing***, 27(5): 592–606.

Mongelli, L., & Rullani, F. 2017. Inequality and marginalisation: social innovation, social entrepreneurship and business model innovation: The common thread of the DRUID Summer Conference 2015. ***Industry and Innovation***, 24(5): 446–467.

Moody, M. 2007. "Building a Culture": The Construction and Evolution of Venture Philanthropy as a New Organizational Field. ***Nonprofit and Voluntary Sector Quarterly***.

Moore, A. M., & Barker, G. G. 2012. Confused or multicultural: Third culture individuals' cultural identity. ***International Journal of Intercultural Relations***, 36(4): 553–562.

Morgan, G., & Smircich, L. 1980. The case for qualitative research. ***Academy of Management Review***, 5(4): 491–500.

Morris, M. W., Leung, K., Ames, D., & Lickel, B. 1999. Views from inside and outside: Integrating emic and etic insights about culture and justice judgment. ***Academy of Management Review***, 24(4): 781–796.

Morrow, S. L. 2005. Quality and trustworthiness in qualitative research in counseling psychology. ***Journal of Counseling Psychology***, 52(2): 250.

Moyo, D. 2009. ***Dead aid: Why aid is not working and how there is a better way for Africa***. Macmillan.

Mueller, B. A., & Shepherd, D. A. 2016. Making the most of failure experiences: Exploring the relationship between business failure and the identification of business opportunities. ***Entrepreneurship Theory and Practice***, 40(3): 457–487.

Munch, S. 2012. Improving the benefit corporation: How traditional governance mechanisms can enhance the innovative new business form. ***Nw. JL & Soc. Pol'y***, 7: i.

Murnighan, J. K., & Conlon, D. E. 1991. The Dynamics of Intense Work Groups: A Study of British String Quartets. ***Administrative Science Quarterly***, 36(2): 165.

Murray, F. 2010. The oncomouse that roared: Hybrid exchange strategies as a source of distinction at the boundary of overlapping institutions. ***American Journal of Sociology***, 116(2): 341–388.

Muzyka, D., Birley, S., & Leleux, B. 1996. Trade-offs in the investment decisons of European venture capitalists. ***Journal of Business Venturing***, 11(4): 273–287.

Mycoskie, B. 2016. The Founder of TOMS on Reimagining the Company's Mission. ***Harvard Business Review***, (January-February 2016): 41–44.

Nag, R., Corley, K. G., & Gioia, D. A. 2007. The intersection of organizational identity, knowledge, and practice: Attempting strategic change via knowledge grafting. ***Academy of Management Journal***, 50(4): 821–847.

Nas. 2003. ***I Can***. III Will, Columbia.

Nason, R. S., Bacq, S., & Gras, D. 2018. A behavioral theory of social performance: social identity and stakeholder expectations. ***Academy of Management Review***, 43(2): 259–283.

National Venture Capital Association. 2016, January 15. ***$58.8 Billion in Venture Capital Invested Across U.S. in 2015, According to the MoneyTree Report - NVCA***. http://nvca.org/pressreleases/58-8-billion-in-venture-capital-invested-across-u-s-in-2015-according-to-the-moneytree-report-2/.

Navis, C., & Glynn, M. A. 2011. Legitimate distinctiveness and the entrepreneurial identity: Influence on investor judgments of new venture plausibility. ***Academy of Management Review***, 36(3): 479–499.

Net Impact. 2012. ***Talent Report: What Workers Want in 2012***. Net Impact. www.netimpact.org/whatworkerswant.

Nicholls, A. 2010. The institutionalization of social investment: The interplay of investment logics and investor rationalities. ***Journal of Social Entrepreneurship***, 1(1): 70–100.

Nicholls, A., & Pharoah, C. 2008. ***The landscape of social investment: A holistic topology of opportunities and challenges***.

Nickerson, J. A., & Zenger, T. R. 2004. A knowledge-based theory of the firm—The problem-solving perspective. ***Organization Science***, 15(6): 617–632.

Nofsinger, J. R., & Wang, W. 2011. Determinants of start-up firm external financing worldwide. ***Journal of Banking & Finance***, 35(9): 2282–2294.

Norman, W., & MacDonald, C. 2004. Getting to the bottom of "triple bottom line." ***Business Ethics Quarterly***, 14(02): 243–262.

Novogratz, J. 2010. ***The blue sweater: Bridging the gap between rich and poor in an interconnected world***. Rodale.

Nye, J. S. 1997a. The Decline of Confidence in Government. ***Why People Don't Trust Government***: 1–18. Cambridge, MA: Harvard University Press.

Nye, J. S. 1997b. In government we don't trust. ***Foreign Policy***, 99–111.

O'Donohoe, N., Leijonhufvud, C., Saltuk, Y., Bugg-Levine, A., & Brandenberg, M. 2010. ***Impact Investments: An emerging asset class***. J.P.Morgan Chase & Co., The Rockefeller Foundation and Global Impact Investing Network, Inc.

O'Mahony, S., & Ferraro, F. 2007. The Emergence of Governance in an Open Source Community. ***The Academy of Management Journal***, 50(5): 1079–1106.

O'Reilly, C. A., & Tushman, M. L. 2013. Organizational ambidexterity: Past, present, and future. ***The Academy of Management Perspectives***, 27(4): 324–338.

O'Reilly, K., Paper, D., & Marx, S. 2012. Demystifying grounded theory for business research. ***Organizational Research Methods***, 15(2): 247–262.

Oliver, C. 1991. Strategic responses to institutional processes. ***Academy of Management Review***, 16(1): 145–179.

Omoto, A., Malsch, A. M., & Barraza, J. A. 2009. Compassionate acts: Motivations for and correlates of volunteerism among older adults. In B. Fehr, S. Sprecher, & L. G. Underwood (Eds.), ***The science of compassionate love: Theory, research, and applications***. John Wiley & Sons.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. 2003. Corporate social and financial performance: A meta-analysis. ***Organization Studies***, 24(3): 403–441.

Orme, B. K. 2006. Getting started with conjoint analysis. ***Madison, WI: Research Publishers LLC***.

Oster, S. M., Massarsky, C. W., & Beinhacker, S. L. 2004. ***Generating and sustaining nonprofit earned income: A guide to successful enterprise strategies***. (S. M. Oster, C. W. Massarsky, & S. L. Beinhacker, Eds.). San Francisco, CA: Jossey-Bass.

Ouchi, W. 1981. ***Theory Z: How American business can mee the Japanese challenge.*** Reading, MA: Addison-Wesley.

Pache, A.-C., & Santos, F. 2010. When worlds collide: The internal dynamics of organizational responses to conflicting institutional demands. ***Academy of Management Review***, 35(3): 455–476.

Pache, A.-C., & Santos, F. 2013. Inside the hybrid organization: Selective coupling as a response to competing institutional logics. ***Academy of Management Journal***, 56(4): 972–1001.

Pahnke, E. C., Katila, R., & Eisenhardt, K. M. 2015. Who takes you to the dance? How partners' institutional logics influence innovation in young firms. ***Administrative Science Quarterly***, 60(4): 596–633.

Painter-Morland, M. 2006. Triple bottom-line reporting as social grammar: integrating corporate social responsibility and corporate codes of conduct. ***Business Ethics: A European Review***, 15(4): 352–364.

Pan, N. D., Gruber, M., & Binder, J. forthcoming. Painting with all the Colors: The Value of Social Identity Theory for Understanding Social Entrepreneurship. ***Academy of Management Review***.

Patagonia. 2011, November 25. Don't Buy This Jacket, Black Friday and the New York Times. ***The Cleanest Line***. http://www.patagonia.com/blog/2011/11/dont-buy-this-jacket-black-friday-and-the-new-york-times/.

Patton, M. Q. 2002. ***Qualitative research and evaluation methods, third edition***. Thousand Oaks, CA: SAGE Publications Inc.

Patzelt, H., zu Knyphausen-Aufess, D., & Fischer, H. T. 2009. Upper echelons and portfolio strategies of venture capital firms. ***Journal of Business Venturing***, 24(6): 558–572.

Pedersen, J. S., & Dobbin, F. 2006. In search of identity and legitimation: Bridging organizational culture and neoinstitutionalism. ***American Behavioral Scientist***, 49(7): 897–907.

Pepin, J. 2005. Venture capitalists and entrepreneurs become venture philanthropists. ***International Journal of Nonprofit and Voluntary Sector Marketing***, 10(3): 165–173.

Peredo, A. M., & McLean, M. 2006. Social entrepreneurship: A critical review of the concept. ***Journal of World Business***, 41(1): 56–65.

Perkmann, M., & Spicer, A. 2014. How emerging organizations take form: The role of imprinting and values in organizational bricolage. ***Organization Science***, 25(6): 1785–1806.

Perkmann, M., McKelvey, M., & Philips, N. 2018. Protecting Scientists from Gordon Gekko: How Organizations Use Hybrid Spaces to Engage with Multiple Institutional Logics. ***Organization Science***.

Perrini, F., & Vurro, C. 2006. Social entrepreneurship: Innovation and social change across theory and practice. ***Social entrepreneurship***, vol. 23: 57–85.

Petriglieri, G., & Petriglieri, J. L. 2010. Identity workspaces: The case of business schools. ***Academy of Management Learning & Education***, 9(1): 44–60.

Pettigrew, A. M. 1990. Longitudinal field research on change: Theory and practice. ***Organization Science***, 1(3): 267–292.

Pettigrew, A. M., Thomas, H., & Whittington, R. 2001. ***Handbook of strategy and management***. Sage.

Petty, J., & Gruber, M. 2011. "In pursuit of the real deal" A longitudinal study of VC decision making. ***Journal of Business Venturing***.

Pfeffer, J. 1972a. Size and composition of corporate boards of directors: The organization and its environment. ***Administrative Science Quarterly***, 218–228.

Pfeffer, J. 1972b. Merger as a response to organizational interdependence. ***Administrative Science Quarterly***, 382–394.

Pfeffer, J., & Salancik, G. R. 1978. Social control of organizations. ***The External Control of Organizations: A Resource Dependence Perspective***.

Piegorsch, W. W. 2002. ***TABLES OF P-VALUES FOR t- AND CHI-SQUARE REFERENCE DISTRIBUTIONS***. no. 194 62Q05-3, Columbia, SC: University of South Carolina.

Plato. 2007. ***The Republic***. (D. Lee, Tran.). London: Penguin Random House UK.

Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. 2003. Common method biases in behavioral research: a critical review of the literature and recommended remedies. ***Journal of Applied Psychology***, 88(5): 879.

Poindexter, E. A. 1976. ***The efficiency of financial markets: The venture capital case.*** New York University, New York.

Pollack, J. M., & Bosse, D. A. 2014. When do investors forgive entrepreneurs for lying? ***Journal of Business Venturing***, 29(6): 741–754.

Popper, K. R. 1985. The problem of induction (1953, 1974). ***D. Miller, Ed. Popper Selections***, 101–117.

Porter, M. E., & Kramer, M. R. 2006. The link between competitive advantage and corporate social responsibility. ***Harvard Business Review***, 11.

Powell, E. E., & Baker, T. 2017. In the beginning: Identity processes and organizing in multi-founder nascent ventures. ***Academy of Management Journal***. https://doi.org/10.5465/amj.2015.0175.

Powell, M., & Ansic, D. 1997. Gender differences in risk behaviour in financial decision-making: An experimental analysis. ***Journal of Economic Psychology***, 18(6): 605–628.

Prahalad, C. K. 2006. ***The Fortune at the Bottom of the Pyramid.*** Pearson Education India.

Pratt, M. G. 2009. From the editors: For the lack of a boilerplate: Tips on writing up (and reviewing) qualitative research. ***Academy of Management Journal***, 52(5): 856–862.

Pratt, M. G. 2016. Hybrid and mulitple identity organizations. In M. G. Pratt, M. Schultz, B. E. Ashforth, & D. Ravasi (Eds.), ***The Oxford Handbook of Organizational Identity***. Oxford University Press.

Pratt, M. G., & Foreman, P. O. 2000. Classifying managerial responses to multiple organizational identities. ***Academy of Management Review***, 25(1): 18–42.

Pratt, M. G., & Rafaeli, A. 1997. Organizational dress as a symbol of multilayered social identities. ***Academy of Management Journal***, 40(4): 862–898.

Puranam, P., Alexy, O., & Reitzig, M. 2014. What's "new" about new forms of organizing? ***Academy of Management Review***, 39(2): 162–180.

Puranam, P., Singh, H., & Chaudhuri, S. 2009. Integrating Acquired Capabilities: When Structural Integration Is (Un)necessary. ***Organization Science***, 20(2): 313–328.

Puttick, R., & Ludlow, J. 2012. Standards of evidence for impact investing. ***London: Nesta. Available at: Www. Nesta. Org. Uk/Publications/Assets/Features/Standards_of_evidence_for_impact_investing***.

Rabin, M. 2002. A perspective on psychology and economics. ***European Economic Review***, 46(4): 657–685.

Radon, J., Drakos, M. T., & Maassarani, T. F. 2008, Winter. Getting Human Rights Right. Stanford Social Innovation Review.

Raisch, S., & Birkinshaw, J. 2008. Organizational ambidexterity: Antecedents, outcomes, and moderators. ***Journal of Management***.

Ramus, T., Vaccaro, A., & Brusoni, S. 2017. Institutional complexity in turbulent times: Formalization, collaboration, and the emergence of blended logics. ***Academy of Management Journal***, 60(4): 1253–1284.

Randjelovic, J., O'Rourke, A. R., & Orsato, R. J. 2003. The emergence of green venture capital. ***Business Strategy and the Environment***, 12(4): 240–253.

Rao, H., Monin, P., & Durand, R. 2003. Institutional Change in Toque Ville: Nouvelle Cuisine as an Identity Movement in French Gastronomy. ***American Journal of Sociology***, 108(4): 795–843.

Rao, V. R. 2014. Theory and design of conjoint studies (ratings based methods). ***Applied Conjoint Analysis***: 37–78. New York: Springer.

Raudenbush, S. W., & Bryk, A. S. 2002. ***Hierarchical linear models: Applications and data analysis methods***, vol. 1. Sage.

Raudenbush, S. W., Bryk, A. S., Cheong, Y. F., Congdon, R. T., & du Toit, M. 2011. ***HLM7: Hierarchical linear and nonlinear modeling***. Lincolnwood, IL: Scientific Software International.

Ravasi, D., Tripsas, M., & Langley, A. 2017. Call for Papers: Special Issue of Strategic Organization: "Exploring the Strategy-Identity Nexus." ***Strategic Organization***, 15(1): 113–116.

Reay, T., & Hinings, C. R. 2009. Managing the rivalry of competing institutional logics. ***Organization Studies***, 30(6): 629–652.

Rennings, K. 2000. Redefining innovation—eco-innovation research and the contribution from ecological economics. ***Ecological Economics***, 32(2): 319–332.

Rheingold, T. 2017, February 14. Investing in GoodBusiness. ***TechCrunch***. https://techcrunch.com/2017/02/14/investing-in-goodbusiness/.

Richardson, B. J. 2011. From fiduciary duties to fiduciary relationships for socially responsible investing: responding to the will of beneficiaries. ***Journal of Sustainable Finance & Investment***, 1(1): 5–19.

Riquelme, H., & Rickards, T. 1992. Hybrid conjoint analysis: An estimation probe in new venture decisions. ***Journal of Business Venturing***, 7(6): 505–518.

Rivkin, J. W., & Siggelkow, N. 2003. Balancing search and stability: Interdependencies among elements of organizational design. ***Management Science***, 49(3): 290–311.

Robinson, R. B. 1987. Emerging strategies in the venture capital industry. ***Journal of Business Venturing***, 2(1): 53–77.

Rodin, J., & Brandenburg, M. 2014. ***The Power of Impact Investing***. Philadelphia: Wharton Digital Press.

Rorty, R. 1981. Method Social Science, and Social Hope. ***Canadian Journal of Philosophy***, 11(4): 569–588.

Rorty, R. M., & Rorty, R. 1998. ***Truth and progress: Philosophical papers***, vol. 3. Cambridge University Press.

Rose-Ackerman, S. 1996. Altruism, nonprofits, and economic theory. ***Journal of Economic Literature***, 34(2): 701–728.

Rubin, J. S. 2009. Developmental venture capital: conceptualizing the field. ***Venture Capital***, 11(4): 335–360.

Rubin, J. S. 2010. Venture capital and underserved communities. ***Urban Affairs Review***, 45(6): 821–835.

Rudd, A. 1981. Social responsibility and portfolio performance. ***California Management Review***, 23(4): 55–61.

Rynes, S. L., Bartunek, J. M., Dutton, J. E., & Margolis, J. D. 2012. ***Care and compassion through an organizational lens: Opening up new possibilities***.

Rynes, S., & Gephart Jr., R. P. 2004. From the Editors: Qualitative Research and the" Academy of Management Journal." ***The Academy of Management Journal***, 454–462.

Salamon, L. M. 1993. The marketization of welfare: Changing nonprofit and for-profit roles in the American welfare state. ***Social Service Review***, 67(1): 16–39.

Salamon, L. M., & Anheier, H. K. 1996. ***The international classification of nonprofit organizations: ICNPO-Revision 1, 1996***. Johns Hopkins University Institute for Policy Studies Baltimore Mar.

Saltuk, Y., & El Idrissi, A. 2014. ***Spotlight on the Market: The Impact Investor Survey***: 52. JP Morgan, The Global Impact Investing Network.

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

Sapienza, H. J. 1992. When do venture capitalists add value? ***Journal of Business Venturing***, 7(1): 9–27.

Sapienza, H. J., Manigart, S., & Vermeir, W. 1996. Venture capitalist governance and value added in four countries. ***Journal of Business Venturing***, 11(6): 439–469.

Sarasvathy. 2001. Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. ***The Academy of Management Review***, 26(2): 243–263.

Scarlata, M., & Alemany, L. 2010. Deal Structuring in Philanthropic Venture Capital Investments: Financing Instrument, Valuation and Covenants. ***Journal of Business Ethics***, 95(2): 121–145.

Scarlata, M., Gil, L. A., Zacharakis, A., & others. 2012. Philanthropic venture capital: Venture capital for social entrepreneurs? ***Foundations and Trends® in Entrepreneurship***, 8(4): 279–342.

Scarlata, M., Zacharakis, A., & Walske, J. 2016. The effect of founder experience on the performance of philanthropic venture capital firms. ***International Small Business Journal***, 34(5): 618–636.

Schad, J., Lewis, M. W., Raisch, S., & Smith, W. K. 2016. Paradox research in management science: Looking back to move forward. ***The Academy of Management Annals***, 10(1): 5–64.

Schwartz, S. H., & Bilsky, W. 1987. Toward a universal psychological structure of human values. ***Journal of Personality and Social Psychology***, 53(3): 550.

Seelos, C., & Mair, J. 2005. Social entrepreneurship: Creating new business models to serve the poor. ***Business Horizons***, 48(3): 241–246.

Sen, S., & Bhattacharya, C. B. 2001. Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. ***Journal of Marketing Research***, 38(2): 225–243.

Shane, S. A. 2003. ***A general theory of entrepreneurship: the individual-opportunity nexus***. Northampton, MA: E. Elgar.

Shane, S. A. 2012. Reflections on the 2010 AMR Decade Award: Delivering on the Promise of Entrepreneurship As a Field of Research. ***The Academy of Management Review (AMR)***, 37(1): 10–20.

Shepherd, D. A. 1999. Venture Capitalists' Assessment of New Venture Survival. ***Management Science***, 45(5): 621–632.

Shepherd, D. A. 2015. Party On! A call for entrepreneurship research that is more interactive, activity based, cognitively hot, compassionate, and prosocial. ***Journal of Business Venturing***, 30(4): 489–507.

Shepherd, D. A., & Patzelt, H. 2018. ***Entrepreneurial Cognition: Exploring the Mindset of Entrepreneurs***. Springer.

Shepherd, D. A., & Williams, T. A. 2014. Local Venturing as Compassion Organizing in the Aftermath of a Natural Disaster: The Role of Localness and Community in Reducing Suffering. ***Journal of Management Studies***, 51(6): 952–994.

Shepherd, D. A., & Zacharakis, A. 1999. Conjoint analysis: A new methodological approach for researching the decision policies of venture capitalists. ***Venture Capital***, 1(3): 197–217.

Shepherd, D. A., Patzelt, H., & Baron, R. A. 2013. "I Care about Nature, but …": Disengaging Values in Assessing Opportunities that Cause Harm. ***Academy of Management Journal***, 56(5): 1251–1273.

Shepherd, D. A., Patzelt, H., & Wolfe, M. 2011. Moving forward from project failure: Negative emotions, affective commitment, and learning from the experience. ***Academy of Management Journal***, 54(6): 1229–1259.

Shepherd, D. A., Williams, T. A., & Patzelt, H. 2015. Thinking About Entrepreneurial Decision Making: Review and Research Agenda. ***Journal of Management***. https://doi.org/10.1177/0149206314541153.

Shepherd, D. A., Zacharakis, A., & Baron, R. A. 2003. VCs' decision processes: Evidence suggesting more experience may not always be better. ***Journal of Business Venturing***, 18(3): 381–401.

Shepherd, D., & Zacharakis, A. L. 1997. Conjoint analysis: A window of opportunity for entrepreneurship research. In J. A. Katz & R. H. Brockhaus (Eds.), ***Advances in entrepreneurship, firm emergence, and growth***, vol. 3: 203–248. Greenwich, Conneticut: JAI Press Incorporated.

Shih, M., Pittinsky, T. L., & Ambady, N. 1999. Stereotype susceptibility: Identity salience and shifts in quantitative performance. ***Psychological Science***, 10(1): 80–83.

Shore, K. 1998. ***Managed care and managed competition: A question of morality.***

Short, J. C., Moss, T. W., & Lumpkin, G. T. 2009. Research in social entrepreneurship: past contributions and future opportunities. ***Strategic Entrepreneurship Journal***, 3(2): 161–194.

Sieger, P., Gruber, M., Fauchart, E., & Zellweger, T. 2016. Measuring the social identity of entrepreneurs: Scale development and international validation. ***Journal of Business Venturing***, 31(5): 542–572.

Siggelkow, N. 2007. Persuasion with case studies. ***The Academy of Management Journal***, 50(1): 20–24.

Siggelkow, N., & Levinthal, D. A. 2003. Temporarily divide to conquer: Centralized, decentralized, and reintegrated organizational approaches to exploration and adaptation. ***Organization Science***, 14(6): 650–669.

Simon. 1955. A behavioral model of rational choice. ***The Quarterly Journal of Economics***, 99–118.

Simon. 1979. Rational decision making in business organizations. ***The American Economic Review***, 493–513.

Simsek, Z. 2009. Organizational ambidexterity: Towards a multilevel understanding. ***Journal of Management Studies***, 46(4): 597–624.

Smets, M., Jarzabkowski, P., Burke, G. T., & Spee, P. 2015. Reinsurance trading in Lloyd's of London: Balancing conflicting-yet-complementary logics in practice. ***Academy of Management Journal***, 58(3): 932–970.

Smircich, L. 1983. Concepts of culture and organizational analysis. ***Administrative Science Quarterly***, 339–358.

Smith, G. 2001. How early stage entrepreneurs evaluate venture capitalists. ***The Journal of Private Equity***, 33–45.

Smith, W. K., & Besharov, M. L. 2017. Bowing Before Dual Gods: How Structured Flexibility Sustains Organizational Hybridity. ***Administrative Science Quarterly***.

Smith, W. K., & Lewis, M. W. 2011. Toward a theory of paradox: A dynamic equilibrium model of organizing. ***Academy of Management Review***, 36(2): 381–403.

Smith, W. K., Gonin, M., & Besharov, M. L. 2013. Managing social-business tensions: A review and research agenda for social enterprise. ***Business Ethics Quarterly***, 23(3): 407–442.

Soon, C. S., Brass, M., Heinze, H.-J., & Haynes, J.-D. 2008. Unconscious determinants of free decisions in the human brain. ***Nature Neuroscience***, 11(5): 543.

Sorkin, A. R. 2016, December 19. A New Fund Seeks Both Financial and Social Returns. ***The New York Times***. https://www.nytimes.com/2016/12/19/business/dealbook/a-new-fund-seeks-both-financial-and-social-returns.html.

Sparkes, R., & Cowton, C. J. 2004. The maturing of socially responsible investment: A review of the developing link with corporate social responsibility. ***Journal of Business Ethics***, 52(1): 45–57.

Spiess-Knafl, W., & Achleitner, A.-K. 2012. Financing of Social Entrepreneurship. In C. Volkmann, K. Tokarski, & K. Ernst (Eds.), ***Understanding Social Entrepreneurship & Social Business: Be Part of Something Big***. Springer Fachmedian Wiesbaden. https://circabc.europa.eu/webdav/CircaBC/FISMA/SBIW/Library/Cluster%202%20on%20Access%20to%20finance/overview%20of%20financing%20of%20Social%20Enterpreneurship.

Spradley, J. P. 1979. Interviewing an informant. ***The ethnographic interview***. New York: Holt, Rinehart and Winston. http://faculty.washington.edu/stevehar/Spradley.pdf.

Sridhar, K., & Jones, G. 2013. The three fundamental criticisms of the Triple Bottom Line approach: An empirical study to link sustainability reports in companies based in the Asia-Pacific region and TBL shortcomings. ***Asian Journal of Business Ethics***, 2(1): 91–111.

Starr, J. A., & MacMillan, I. C. 1990. Resource cooptation via social contracting: Resource acquisition strategies for new ventures. ***Strategic Management Journal***, 79–92.

Steffy, B. D., & Grimes, A. J. 1986. A critical theory of organization science. ***Academy of Management Review***, 11(2): 322–336.

Steier, L., & Greenwood, R. 1995. VENTURE CAPITALIST RELATIONSHIPS IN THE DEAL STRUCTURING AND POST-INVESTMENT STAGES OF NEW FIRM CREATION. ***Journal of Management Studies***, 32(3): 337–357.

Sternberg, E. 1997. The defects of stakeholder theory. ***Corporate Governance: An International Review***, 5(1): 3–10.

Stevenson, H. H., & Jarillo, J. C. 1990. A Paradigm of Entrepreneurship: Entrepreneurial Management. ***Strategic Management Journal***, 11(ArticleType: primary_article / Issue Title: Special Issue: Corporate Entrepreneurship / Full publication date: Summer, 1990 / Copyright © 1990 John Wiley & Sons): 17–27.

Stevenson, S. 2012, April 27. Patagonia's Founder Is America's Most Unlikely Business Guru. ***Wall Street Journal***. http://www.wsj.com/articles/SB10001424052702303513404577352221465986612.

Stinchcombe, A. 1965. Social structure and organizations. (J. G. March, Ed.)***The Handbook of Organizations***, 153–193.

Stock, K. 2013, November 25. Patagonia's Confusing and Effective Campaign to Grudgingly Sell Stuff. ***Bloomberg.com***. https://www.bloomberg.com/news/articles/2013-11-25/patagonias-confusing-and-effective-campaign-to-grudgingly-sell-stuff.

Stone, M. M., & Brush, C. G. 1996. Planning in ambiguous contexts: The dilemma of meeting needs for commitment and demands for legitimacy. ***Strategic Management Journal***, 17(8): 633–652.

Stryker, S. 1968. Identity salience and role performance: The relevance of symbolic interaction theory for family research. ***Journal of Marriage and the Family***, 558–564.

Stryker, S. 2008. From Mead to a structural symbolic interactionism and beyond. ***Annu. Rev. Sociol***, 34: 15–31.

Stryker, S., & Burke, P. J. 2000. The past, present, and future of an identity theory. ***Social Psychology Quarterly***, 284–297.

Stryker, S., & Serpe, R. T. 1994. Identity salience and psychological centrality: Equivalent, overlapping, or complementary concepts? ***Social Psychology Quarterly***, 16–35.

Suddaby, R. 2006. From the Editors: What Grounded Theory Is Not. ***The Academy of Management Journal***, 49(4): 633–642.

Sustainable Brands. 2016, November 2. 3/4 of Millennials Would Take a Pay Cut to Work for a Socially Responsible Company. ***sustainablebrands.com***. http://www.sustainablebrands.com/news_and_views/organizational_change/sustainable_brands/34_millennials_would_take_pay_cut_work_socia.

Tadmor, C. T., & Tetlock, P. E. 2006. Biculturalism: A model of the effects of second-culture exposure on acculturation and integrative complexity. ***Journal of Cross-Cultural Psychology***, 37(2): 173–190.

Tadmor, C. T., Tetlock, P. E., & Peng, K. 2009. Acculturation strategies and integrative complexity: The cognitive implications of biculturalism. ***Journal of Cross-Cultural Psychology***, 40(1): 105–139.

Tajfel, H. 1972. La catégorisation sociale [Social categorization]. in s. moscovici (ed.) Introduction à la psychologie sociale (Vol. 1, pp. 272-302). ***Paris: Larousse***.

Tajfel, H., & Turner, J. C. 1979. An integrative theory of intergroup conflict. In W. Austin & S. Worchel (Eds.), ***The social psychology of intergroup relations***: 33–47. Monterey, California: Brooks/Cole.

Takyi, S. 2012. ***Review of Social Impacts Assessment (SIA): Approach, Importance, Challenges and Policy Implications***.

Tasman-Jones, J. 2015, December 16. Socially conscious funds don't suffer performance penalty, analysis shows. ***Morningstar***. https://www.moneymarketing.co.uk/socially-conscious-funds-dont-suffer-performance-penalty-analysis-shows/.

Tate, W. L., & Bals, L. 2016. Achieving shared triple bottom line (TBL) value creation: toward a social resource-based view (SRBV) of the firm. ***Journal of Business Ethics***, 1–24.

Teece, D., & Pisano, G. 1994. The dynamic capabilities of firms: an introduction. ***Industrial and Corporate Change***, 3(3): 537–556.

Ter Wal, A. L. J., Alexy, O., Block, J., & Sandner, P. G. 2016. The Best of Both Worlds: The Benefits of Open-specialized and Closed-diverse Syndication Networks for New Ventures' Success. ***Administrative Science Quarterly***. https://doi.org/10.1177/0001839216637849.

The European Venture Philanthropy Association. 2016. ***The State of Venture Philanthropy and Social Investment (VP/SI) in Europe | The EVPA Survey 2015/2016***.

The Social Impact Investment Taskforce. 2014. ***IMPACT INVESTMENT: THE INVISIBLE HEART OF MARKETS Harnessing the power of entrepreneurship, innovation and capital for public good***: 31.

Thompson, J., & Doherty, B. 2006. The diverse world of social enterprise: A collection of social enterprise stories. ***International Journal of Social Economics***, 33(5/6): 361–375.

Thompson, J., Alvy, G., & Lees, A. 2000. Social entrepreneurship–a new look at the people and the potential. ***Management Decision***, 38(5): 328–338.

Thornton, P. H., & Ocasio, W. 1999. Institutional logics and the historical contingency of power in organizations: Executive succession in the higher education publishing industry, 1958–1990 1. ***American Journal of Sociology***, 105(3): 801–843.

Timmons, J. A., & Bygrave, W. D. 1986. Venture capital's role in financing innovation for economic growth. ***Journal of Business Venturing***, 1(2): 161–176.

Tin Shed Ventures. 2018, June 1. ***About – Tin Shed Ventures***. http://www.tinshedventures.com/about/.

Toubiana, M., & Zietsma, C. 2017. The message is on the wall? Emotions, social media and the dynamics of institutional complexity. ***Academy of Management Journal***, 60(3): 922–953.

TPG is raising $2 billion for a social impact fund called Rise. 2016, 20. ***TechCrunch***. https://techcrunch.com/2016/12/20/tpg-is-raising-2-billion-for-a-social-impact-fund-called-rise/.

Tracey, P., Phillips, N., & Jarvis, O. 2011. Bridging institutional entrepreneurship and the creation of new organizational forms: A multilevel model. ***Organization Science***, 22(1): 60–80.

Tracy, S. J. 2004. Dialectic, contradiction, or double bind? Analyzing and theorizing employee reactions to organizational tension. ***Journal of Applied Communication Research***, 32(2): 119–146.

Tracey, P., & Phillips, N. 2007. The distinctive challenge of educating social entrepreneurs: A postscript and rejoinder to the special issue on entrepreneurship education. ***Academy of Management Learning & Education***, 6(2): 264–271.

Tsoukas, H., & Chia, R. 2002. On Organizational Becoming: Rethinking Organizational Change. ***Organization Science***, 13(5): 567–582.

Tunçalp, D., & Lê, P. L. 2014. (Re) Locating boundaries: a systematic review of online ethnography. ***Journal of Organizational Ethnography***, 3(1): 59–79.

Ţurcan, R. V. 2008. Entrepreneur–venture capitalist relationships: Mitigating post-investment dyadic tensions. ***Venture Capital***, 10(3): 281–304.

Tversky, A., & Kahneman, D. 1973. Availability: A heuristic for judging frequency and probability. ***Cognitive Psychology***, 5(2): 207–232.

Tyebjee, T. T., & Bruno, A. V. 1984. A model of venture capitalist investment activity. ***Management Science***, 30(9): 1051–1066.

Valliere, D., & Peterson, R. 2007. When entrepreneurs choose VCs: Experience, choice criteria and introspection accuracy. ***Venture Capital***, 9(4): 285–309.

Van Maanen, J. 1979. The fact of fiction in organizational ethnography. ***Administrative Science Quarterly***, 24(4): 539–550.

Venkataraman, S., Sarasvathy, S. D., Dew, N., & Forster, W. R. 2012. Reflections on the 2010 AMR decade award: Whither the promise? Moving forward with entrepreneurship as a science of the artificial. ***Academy of Management Review***, 37(1): 21–33.

Vlaar, P. W., Van Den Bosch, F. A., & Volberda, H. W. 2007. Towards a dialectic perspective on formalization in interorganizational relationships: How alliance managers capitalize on the duality inherent in contracts, rules and procedures. ***Organization Studies***, 28(4): 437–466.

Voss, Z. G., Cable, D. M., & Voss, G. B. 2006. Organizational identity and firm performance: What happens when leaders disagree about "who we are?" ***Organization Science***, 17(6): 741–755.

Vroom, V. H. 1973. A new look at managerial decision making. ***Organizational Dynamics***, 1(4): 66–80.

Wall, E. 2013, October 14. Ethical Funds Outperform World Indices. ***Morningstar***. http://www.morningstar.co.uk/uk/news/112772/ethical-funds-outperform-world-indices.aspx.

Walsh, J. 1995. Managerial and organizational cognition: Notes from a trip down memory lane. ***Organization Science***, 6(3): 280–321.

Walsh, J. P. 1988. Selectivity and selective perception: An investigation of managers' belief structures and information processing. ***Academy of Management Journal***, 31(4): 873–896.

Walsh, J. P., Henderson, C. M., & Deighton, J. 1988. Negotiated belief structures and decision performance: An empirical investigation. ***Organizational Behavior and Human Decision Processes***, 42(2): 194–216.

Walsh, J. P., Meyer, A. D., & Schoonhoven, C. B. 2006. A future for organization theory: Living in and living with changing organizations. ***Organization Science***, 17(5): 657–671.

Walsh, J. P., Weber, K., & Margolis, J. D. 2003. Social Issues and Management: Our Lost Cause Found. ***Journal of Management***, 29(6): 859–881.

Wang, T., & Bansal, P. 2012. Social responsibility in new ventures: profiting from a long-term orientation. ***Strategic Management Journal***, 33(10): 1135–1153.

Wang, W., Xu, J., & Wang, M. 2018. Effects of Recommendation Neutrality and Sponsorship Disclosure on Trust vs. Distrust in Online Recommendation Agents: Moderating Role of Explanations for Organic Recommendations. ***Management Science***.

Warnick, B. J., Murnieks, C. Y., McMullen, J. S., & Brooks, W. T. 2018. Passion for entrepreneurship or passion for the product? A conjoint analysis of angel and VC decision-making. ***Journal of Business Venturing***. https://doi.org/https://doi.org/10.1016/j.jbusvent.2018.01.002.

Watson, T. J. 2008. Managing Identity: Identity Work, Personal Predicaments and Structural Circumstances. ***Organization***, 15(1): 121–143.

Weber, J. M. 2012. Social innovation and social enterprise in the classroom: Frances Westley on bringing clarity and rigor to program design. ***Academy of Management Learning & Education***, 11(3): 409–418.

Weber, J. M., & Messick, D. M. 2006. 'Improving managerial decision making: Lessons from experimental social dilemma research. ***Bridging Social Psychology: Benefits of Transdisciplinary Approaches***, 359–364.

Weick, K. E. 1995. ***Sensemaking in organizations***, vol. 3. Sage Publications, Inc.

Weick, K. E., Sutcliffe, K. M., & Obstfeld, D. 2005. Organizing and the process of sensemaking. ***Organization Science***, 16(4): 409–421.

Weisbrod, B. A. 1997. ***The future of the nonprofit sector: Its entwining with private enterprise and government***.

Wells, W. A. 1975. ***Venture capital decision-making***. Carnegie Mellon University, Pittsburgh, PA.

Whetten, D. A. 2006. Albert and Whetten revisited: Strengthening the concept of organizational identity. ***Journal of Management Inquiry***, 15(3): 219–234.

Whetten, D. A., & Mackey, A. 2002. A social actor conception of organizational identity and its implications for the study of organizational reputation. ***Business & Society***, 41(4): 393–414.

Williamson, O. E. 1979. Transaction-Cost Economics: The Governance of Contractual Relations. ***Journal of Law and Economics***, 22(2): 233–261.

Wittink, D. R., & Cattin, P. 1989. Commercial use of conjoint analysis: An update. ***The Journal of Marketing***, 91–96.

Wright, C., & Nyberg, D. 2017. An Inconvenient Truth: How Organizations Translate Climate Change into Business as Usual. **Academy of Management Journal**, 60(5): 1633–1661.

Wry, Lounsbury, M., & Jennings, P. D. 2014. Hybrid vigor: securing venture capital by spanning categories in nanotechnology. ***Academy of Management Journal***, 57(5): 1309–1333.

Wry, T., & York, J. G. 2017. An identity-based approach to social enterprise. ***Academy of Management Review***, 42(3): 437–460.

Yan, S., Ferraro, F., & Almandoz, J. (John). 2018. The Rise of Socially Responsible Investment Funds: The Paradoxical Role of the Financial Logic. ***Administrative Science Quarterly***, 0(0): 0001839218773324.

Yasmin, A. 2009. ***Development Aid at its Highest Level Ever in 2008***. Organisation for Economic Co-operation and Development. http://www.oecd.org/dac/stats/developmentaidatitshighestleveleverin2008.htm.

Yin, R. K. 2013. ***Case study research: Design and methods***. Sage publications.

York, J. G., Hargrave, T. J., & Pacheco, D. F. 2016. Converging winds: Logic hybridization in the Colorado wind energy field. ***Academy of Management Journal***, 59(2): 579–610.

York, J. G., O'Neil, I., & Sarasvathy, S. D. 2016. Exploring environmental entrepreneurship: identity coupling, venture goals, and stakeholder incentives. ***Journal of Management Studies***, 53(5): 695–737.

Young, D. R., & Salamon, L. M. 2002. Commercialization, social ventures, and for-profit competition. ***The State of Nonprofit America***, 423–446.

Yue, L. Q., Wang, J., & Yang, B. 2018. Contesting Commercialization: Political Influence, Responsive Authoritarianism, and Cultural Resistance. ***Administrative Science Quarterly***, 000183921877045.

Yunus, M. 2007. ***Creating a world without poverty: Social business and the future of capitalism [Kindle Version]***. PublicAffairs.

Yunus, M., Moingeon, B., & Lehmann-Ortega, L. 2010. Building Social Business Models: Lessons from the Grameen Experience. ***Long Range Planning***, 43(2–3): 308–325.

Zacharakis, A. L., & Meyer, G. D. 1998. A lack of insight: do venture capitalists really understand their own decision process? ***Journal of Business Venturing***, 13(1): 57–76.

Zacharakis, A. L., & Meyer, G. D. 2000. The potential of actuarial decision models: Can they improve the venture capital investment decision? ***Journal of Business Venturing***, 15(4): 323–346.

Zacharakis, A. L., Shepherd, D. A., & Coombs, J. E. 2003. The development of venture-capital-backed internet companies: An ecosystem perspective. ***Journal of Business Venturing***, 18(2): 217–231.

Zhang, Y., Waldman, D. A., Han, Y.-L., & Li, X.-B. 2015. Paradoxical leader behaviors in people management: Antecedents and consequences. ***Academy of Management Journal***, 58(2): 538–566.

Zheng, Y. 2011. In their eyes: How entrepreneurs evaluate venture capital firms. ***The Journal of Private Equity***, 14(2): 72–85.

Zider, B. 1998. How venture capital works. ***Harvard Business Review***, 76(6): 131–139.

Zilber, T. B. 2002. Institutionalization as an Interplay between Actions, Meanings, and Actors: The Case of a Rape Crisis Center in Israel. ***The Academy of Management Journal***, 45(1): 234–254.

Zollo, M. 2009. Superstitious learning with rare strategic decisions: Theory and evidence from corporate acquisitions. ***Organization Science***, 20(5): 894–908.

Zopounidis, C. 1994. Venture capital modeling: Evaluation criteria for the appraisal of investments. ***The Financier ACMT***, 1(2): 54–64.

Appendices

A: Curriculum vitae

Nettra D. Pan

researcher, facilitator, idea entrepreneur

+41 (0) 79 132 89 88 · nettra.pan@epfl.ch · @nettra · 0000-0002-7498-6293

Avenue de Tivoli 8, 1007 Lausanne, VD, Switzerland · nettrapan.net

preferred pronouns: she/her/hers

// EDUCATION

Docteur ès Sciences **(PhD)** 2013-2018 (expected)	***École Polytechnique Fédérale de Lausanne*** **(EPFL College of Management of Technology)** Entrepreneurship & Technology Commercialization
Visiting Scholar Spring 2018	**University of Notre Dame (Mendoza College of Business)** Management & Organization Department
Masters 2011-2013	***Institut d'études politiques de Paris*** **(Sciences Po Paris, School of International Affairs)** International Public Management, Emerging Economies, East Asia Columbia College-Sciences Po BA/MA program
Bachelor of Arts 2008-2012	**Columbia University in the City of New York (Columbia College)** Political Science (Recipient of Dean's List Award and J. Henry Esser Scholarship)

// DOCTORAL THESIS

Title:	**For Their Own Good and for the Good of Others:** *Identity Duality in New Venture Evaluation and Investor Decision-Making*	
Executive summary:	In three empirical studies, I investigate how firms manage and respond to competing demands (and opportunities) arising from the joint pursuit of two goals in the context of new venture evaluation and investor decision-making, focusing specifically on the joint pursuit of commercial and social (and/or environmental) goals. I employ inductive methods to analyze firm-level data collected from archival records, interviews and a 25-month ethnography of social venture capital firm based in a major city in Western Europe. This yielded the first catalog of investment criteria derived from data on 1,614 actual investment evaluations made with the goal of enabling the joint pursuit of commercial and social (and/or environmental) goals in new social ventures. Moreover, I uncover detailed information on pre-investment venture engagement strategies used by the social venture capital firm to evaluate and increase the likelihood of success in evaluated ventures. To better understand the role of individual-level attributes in this context, I relied on an experimental technique called conjoint analysis to collect quantitative data on 3,388 decisions evaluated by 154 decision-makers at philanthropic, hybrid, and profit-oriented funds situated in 29 different countries. Statistical analysis of these data provides support for our hypotheses on the moderating role of individual mindsets on investment decisions.	
PhD Committee:	Marc Gruber (EPFL), Thesis Advisor	Christopher Tucci (EPFL) Stefano Brusoni (ETH) Dean Shepherd (University of Notre Dame)
Date of private defense:	August 24th, 2018	Anu Wadhwa (Imperial College)

// AWARDS & HONORS

Teaching

2013-2015	Best Teaching Assistant Award, MGT-413(a) Entrepreneurship and New Venture Strategy EPFL College of Management of Technology

Academic Service

2018-Present	Ad-hoc Reviewer *Academy of Management Review*
2018	Chair & Discussant for Paper Sessions: (1) "Early Stage Ventures and Spinoffs" (2) "Non-market Strategies and Market Consequences" Strategic Management Division, Academy of Management Annual Meeting
2018	Co-organizer & panelist of "Heart Money: the role of private investment in social initiatives" 5th Annual Conference of UNESCO Chair in Technologies for Development, Tech4Dev
2017	Reviewer, *Academic Institutions, Science, and Unconventional Strategies for Innovation Track* Strategic Management Society Annual Meeting
2016	Organizer & panelist of Professional Development Workshop on *Early Venture Evolution Research* for Technology and Innovation Management Division & Entrepreneurship Division Academy of Management Annual Meeting
2016	Best Reviewer Award Entrepreneurship Division, Academy of Management Annual Meeting
2016-Present	Ad-hoc Reviewer *Academy of Management Journal*
2015-Present	Reviewer, Divisions of: Entrepreneurship (2015-2018) & Strategic Management (2018) Academy of Management Annual Meeting
2015-2017	Reviewer, Entrepreneurship (2015-2017) & Organization & Management Theory (2016-2017) Academy of Management Annual Meeting (aom.org)

Entrepreneurship

2016-2016 Switzerland	EPFL Ambassador >>venture>> startup competition (premier national Swiss startup competition) (venture.ch)
Fall 2017 Lausanne, Switzerland	Startup Mentor IMAGINE IF! Accelerator 2017 – Entrepreneuring Science! (lausanne.inno-forum.org)
Summer 2017 Topsham, VT	Fellow Penn-Columbia Social Impact Strategy Center (socialimpactstrategy.org)
Summer 2017 Geneva, Switzerland	Judge, MassChallenge Switzerland MassChallenge (masschallenge.org)
Spring 2015 Abidjan, Ivory Coast	Jury Member MyAfricanStartup Competition (myafricanstartup.com)
2014, 2016 Paris, France	Lausanne Curator Hello Tomorrow Challenge (hello-tomorrow.org)
2014, 2017 Lausanne, Switzerland	Startup Mentor Seedstars World Bootcamp and Investor Conference (seedstarsworld.com)

// AWARDS & HONORS (continued)

Entrepreneurship (continued)

Fall 2014 Lausanne, Switzerland	EPFL Study Group Leader "How to Start a Startup" online course by Y Combinator (startupclass.samaltman.com)
Spring 2013 Paris, France	Startup Mentor Thought for Food Challenge (tffchallenge.com)
Spring 2012 Paris, France	Jury Member Paris Factory Mode & Design (ESCP Europe and *Institut Français de la Mode*)
Spring 2010 White Plains, NY	Second Place Winner National US Danone Yogurt TRUST Student Business Challenge
2009 Global	Fellow Sandbox Network (community of 1000+ young leaders and entrepreneurs) (sandbox.is)

Speaking

Fall 2018 Renens, Switzerland	Speaker, MassChallenge Switzerland MassChallenge (masschallenge.org)
Fall 2016 Global	Moderator, Thousand Network Virtual Summit Thousand Network (temporary pseudonym of Sandbox Network) (sandbox.is)
Fall 2015 Meyrin, Switzerland	Panelist, Entrepreneurship Week Ideasquare, European Organization for Nuclear Research (CERN) (home.cern/about)
Fall 2015 Lausanne, Switzerland	Keynote Speaker, Startup Day Forum EPFL (largest career fair in Switzerland)
Spring 2014 Lausanne, Switzerland	Speaker, Entrepreneurship Days, Global Entrepreneurship Week École Polytechnique Fédérale de Lausanne

Miscellaneous

2017 Online	Mentor Goodwall.org, a professional social network for teens
2009 Cambridge, MA	Fellow Public Policy & Leadership Conference, Harvard Kennedy School of Government
2009-2011 Phnom Penh, Cambodia	Visual Artist US State Department Art in Embassies Program
Spring 2008 Phnom Penh, Cambodia	Bronze Standard The International Award for Young People (Duke of Edinburgh Award)

// TEACHING EXPERIENCE

Spring 2018 Lausanne, Switzerland	Guest Lecturer on "Fundraising & Finance (Raising and Management Money)", ***EPFL*** Master's Course, MGT-413 Entrepreneurship and New Venture Strategy
Fall 2017 Lausanne, Switzerland	Guest Lecturer on "Fundraising & Finance (Raising and Management Money)", ***EPFL*** Bachelor's Course, HUM-348 Entrepreneurship
Fall 2017-Present Lausanne, Switzerland	Project Coordinator and Teaching Assistant, ***EPFL*** Mixed-level Massive Open Online Course (MOOC), Social Venturing for Technology Entrepreneurs

// TEACHING EXPERIENCE (continued)

Fall 2017 Lausanne, Switzerland	Workshop Facilitator, "Sources and Strategies to Fundraise for your Venture," ***GoodFestival*** GoodFestival Conference
Spring 2017 London, UK	Workshop Facilitator, Quantum Technology Innovation Program, ***Imperial Enterprise Lab*** PhD Workshop, Systems Approaches to Innovation
Spring 2017 Lausanne, Switzerland	Workshop Facilitator on "Social Innovation," ***The Consulting Society, EPFL*** PhD Workshop, Innovation inside Large and Small Firms
Spring 2016 Phnom Penh, Cambodia	Guest Lecturer, ***American University of Phnom Penh*** Bachelor's Course, Introduction to Entrepreneurship
Fall 2015 Yverdon-les-Bains, Switz.	Guest Lecturer, **Haute Ecole d'Ingénierie et de Gestion du Canton de Vaud** Bachelor's Course, Technology Commercialization at the Base of the Pyramid
Summer 2015 Lausanne, Switzerland	Project Coordinator and Teaching Assistant, ***EPFL*** Entry-level MOOC, Launching New Ventures: New Venture Strategy for Tech. Driven Startups
2014 & Fall 2016 Lausanne, Switzerland	Teaching Assistant, ***EPFL*** Master's Course, MGT-413 Entrepreneurship and New Venture Strategy
Fall 2014 Lausanne, Switzerland	Teaching Assistant, ***EPFL*** Bachelor's Course, HUM-348 Entrepreneurship
Fall 2011 Paris, France	Workshop leader, ***UNIVATORS.org*** Mixed-level Workshop, Rapid Prototyping and Idea Generation for Social Ventures

// RESEARCH CONFERENCES & PRESENTATIONS

June 2018 Lausanne, Switzerland	"Heart Money: the role of private investment in enabling social initiatives" Session title, 5th Annual Conference of UNESCO Chair in Technologies for Development
June 2018 Waterford, Ireland	"Heart Money: A Longitudinal Study of Investment Decision-Making by Social Venture Capitalists" Presentation title, Babson College Entrepreneurship Research Conference
April 2018 Lausanne, Switzerland	"Get rich *and* make the world a better place? Hybrid Ventures and Strategic Decision-Making" Presentation title, EPFL College of Management Seminar Series
April 2018 Notre Dame, IN	"Get rich …*and* make the world a better place? Social Identity and Strategic Decision-Making" Abridged title, Seminar Series, University of Notre Dame Management & Organization Dept.
March 2018 Washington D.C.	"Seeing clearly: Mission-related Criteria in the Investor Decision-Making Process" Title of accepted abstract, Sustainability Ethics and Entrepreneurship (SEE) Conference
March 2018 Berkeley, CA	"Seeing clearly: Mission-related Criteria in the Investor Decision-Making Process" Pres. title, Doctoral Consortium, 25th Consortium for Competitiveness and Cooperation (CCC)
August 2017 Edmonton, Canada	"Venture Capital Decision-Making & New Venture Evaluation in a Prosocial Context" Abstract title, Doctoral Consortium, West Coast Research Symposium on Entrepreneurship
August 2017 Atlanta, GA	"Embracing heart and mind in VC decision-making: A longitudinal study" Paper title, Entrepreneurship Doctoral Consortium, Academy of Management Meeting
June 2017 Lausanne, Switzerland	"Heart Money: A longitudinal study of VC decision-making in a prosocial context" Presentation title, EPFL College of Management Seminar Series

// RESEARCH CONFERENCES & PRESENTATIONS (continued)

October 2016 — "What is an attractive impact investing opportunity?"
Vevey, Switzerland — Presentation title, ETH-EPFL Entrepreneurship Research Retreat

August 2016 — "Studying ventures in a dynamic context: A longitudinal study of prosocial VC Decision-making"
Anaheim, CA — Pres. title, Professional Development Workshop, Academy of Management Annual Meeting

February 2015 — "Socio-cognitive framework for opportunity identification in a prosocial context"
Pontresina, Switzerland — Presentation title, ETH-EPFL Entrepreneurship Research Retreat

April 2014 — "Business models at the base of the pyramid"
Gstaad, Switzerland — Presentation title, ETH-EPFL Entrepreneurship Research Retreat

April 2014 — "Social identity and job architecture"
Chicago, IL — Pres. title, Necessity Entrepreneurship Conference, University of Illinois Urbana-Champaign

// PUBLICATIONS

Articles accepted for publication

Pan, N. D., Gruber, M., & Binder, J. Forthcoming. Painting with all the Colors: The Value of Social Identity Theory for Understanding Social Entrepreneurship. Academy of Management Review.

Working papers

Pan, N. "Investing in Hybrids: A Longitudinal Study of Social VC Assessment of New Ventures." *In preparation for:* Journal of Business Venturing.

Pan, N. & Gruber, M. "Heart Money: How Early-Stage Investors Shape and Evaluate Social-Commercial Duality in New Ventures." *In preparation for:* Administrative Science Quarterly

Pan, N., Gruber, M. & Shepherd, D. "From Both Sides Now: Microfoundations of Hybrid Organizing & Decision-Making." *In preparation for:* Academy of Management Journal.

Pan, N.. "Putting the 'social' into social venturing: how social venture capitalists design organizations." *In preparation for:* California Management Review.

Conference proceedings

Pan, N. Forthcoming. "Social investors as enablers of social innovation and social innovation research". In: Janssen M. et al. (eds) Electronic Government. EGOV 2018. Lecture Notes in Computer Science, Vol. 100. Springer, Cham.

Pan, N. 2018. "Heart Money: A Longitudinal Study of Investment Decision-Making by Social Venture Capitalists." Frontiers of Entrepreneurship Research, 239–253.

// PUBLICATIONS (NON-PEER-REVIEWED)

Book chapters

Pan, N. 2017. "On Home." On Community: A Modern Manifesto. Ed. Karen Mok. 1st ed. Porto: Sandbox, 2017. 25–28. Print.

Newspapers

Pan, N. 2009. "From Cambodia to Columbia." Columbia Spectator. April 8, 2009. Print.

Pan, N. 2009. "The Golden Rule of Remembrance." Columbia Spectator. October 5, 2009. Print.

// PUBLICATIONS (NON-PEER-REVIEWED) (continued)

Online articles

Pan, N. 2014. “Purpose: The Underutilized Secret Weapon of Family Businesses.” Business Families Foundation, November 11, 2014.

Pan, N. 2014. “5 Key Considerations for a Sustainable Business Strategy.” Business Families Foundation, July 1, 2014.

Pan, N. 2014. “6 Ways to Steer Clear of Multi-Generational Misunderstandings at Work.” Business Families Foundation, June 5, 2014.

Pan, N. 2014. “7 Things to Remember When Negotiating as a Woman.” Business Families Foundation, May 29, 2014.

Pan, N. 2014. “5 Scientifically-Proven Strategies for Becoming Who You Are.” Business Families Foundation, May 22, 2014.

Pan, N. 2014. “5 Ways to Transform Your Company into an Entrepreneurial Organization.” Business Families Foundation, May 15, 2014.

Pan, N. 2014. “Four Ideas to Help Founders Let Go Gracefully.” Business Families Foundation, May 8, 2014.

Pan, N. 2014. “One 2-Minute, High-Impact Activity Scientifically-Proven to Boost the Success of Your next Presentation.” Business Families Foundation, April 30, 2014.

Pan, N. 2014. “5 Critical Things You Can Do to Retain Top Female Talent Today.” Business Families Foundation, April 24, 2014.

Pan, N. 2014. “6 Steps to Overcome Our Most Crippling Syndrome: Fear Of Missing Out (FOMO).” Business Families Foundation, April 16, 2014.

Pan, N. 2014. “5 Successful Family Ventures Which Began With Epic Failures.” Business Families Foundation, April 9, 2014.

Pan, N. 2014. “7 Reasons Why What Makes Family Businesses Weak Also Makes Them Strong.” Business Families Foundation, April 2, 2014.

Pan, N. 2014. “4 Scientific Facts to Know About Motivation and Performance.” Business Families Foundation, March 25, 2014.

Pan, N. 2012. “What Have We Learned from International Women’s Day?” FutureChallenges, May 4, 2012.

Pan, N. 2011. “This Women’s Day… Forget Flowers, Get Her a Twitter Account.” Columbia Political Review, March 8, 2011.

// SELECTED PROFESSIONAL EXPERIENCE

2011-2014 Various clients
Editor, Copywriter, Community Manager, Social Media Strategist & Content Marketing Consultant

2012-2013 Hystra: Hybrid Strategies Consulting (Ashoka Strategic Partner)
Associate Intern
▪ Analyzed business models of organizations in rural villages to determine best practices
▪ Contributed to reports and presentations on leading non-profits, social enterprises and businesses published in Marketing Innovative Devices to the Base of the Pyramid (hystra.com/marketing-devices)
▪ Scouted social entrepreneurs in California, France, Italy, Japan, UAE for corporate mentorship program

2009-2011 Hertog Global Strategy Initiative, Columbia University History Department
Manager of Public Relations and New Media Strategy
▪ Organized research seminars and weekly lectures of 200+ attendees; online moderation of lectures, e.g. “Can We Move Toward a Nuclear Weapon-Free World?“ by Dr. Hans Blix
▪ Created, curated and published articles and media for related websites semiweekly

// NETWORKS & ASSOCIATIONS

2016-2017	Columbia Alumni Association Volunteer Interviewer for Undergraduate Admissions, Alumni Representative Committee (ARC)
2014-Present	Academy of Management Member, Reviewer
2009-2017	Sandbox Network: Handpicked global community of 1000+ young leaders and entrepreneurs Léman Ambassador (2014-2017), Global Screening Committee Member, Paris Ambassador (2012-2013) ▪ Screen applications from 25+ cities, refer potential candidates, recruited first class of Paris & Léman ▪ Managed Paris community of 200+ members and non-members (organize retreats, workshops etc.) ▪ Grew the Paris hub from a group of 4 to 40 entrepreneurially-minded, close-knit young achievers
2008-2013	New York City International Relations Council & Association, Inc. Advisory Board Member, formerly: Award-Winning Delegate, Conference Chair ▪ Advise elected Columbia University students on annual Model UN workshops and debate conferences

// SKILLS & INTERESTS

Teaching interests	New venture strategy, purpose-driven organizations, creativity, fundraising, marketing
Research interests	Organizational emergence, organizational identity, social identity, decision-making, philosophy of science
Languages	English (native), French (fluent), Khmer (spoken fluency, basic written skills)
Technology	STATA; Microsoft Excel, PowerPoint; social media, online publishing, html
Hobbies	Creative writing, guitar and singing, painting, running, swimming, yoga

B: Executive summary of thesis (322 words)

For Their Own Good and for the Good of Others:

Identity Duality in New Venture Evaluation and Investor Decision-Making

In three empirical studies, this thesis investigates how firms manage and respond to competing demands (and opportunities) arising from the joint pursuit of two goals. It focuses specifically on the joint pursuit of commercial and social goals in the context of new venture evaluation and investor decision-making, thereby shedding light on a dynamic, opaque industry growing in influence and market value.

The first study, *Investing in Hybrids*, analyzes five years of archival data on 1,614 investment evaluations to create a detailed breakdown of the selection criteria employed by an investment firm targeting early-stage ventures with social and commercial goals. In addition to deriving classic venture investment proposal attributes of interest and *social-mission*-related attributes of interest from actual evaluations over the length of the ventures' evaluation period, the study notably finds evidence suggesting that the investment firm's evaluation process is not wholly focused on finding immediately investable targets.

The second study, *Heart Money*, builds on interviews and a 25-month ethnography (conducted at the same investment firm) to examine how an SVC assesses and engages with ventures prior to the final investment outcome. The study uncovers five strategies that enable the investment firm to co-create and access attractive investment opportunities, while also helping it to identify and avoid investments in ventures with a high risk of prioritizing commercial outcomes at the cost of social outcomes or vice versa.

Finally, the third study, *Both Sides Now*, uses an experimental approach to collect data on 154 decision-makers at philanthropic, hybrid, and profit-oriented funds situated in 29 countries. The study quantitatively estimates the effect that an individual funder's social and commercial orientation has on perceived investment proposal attractiveness, thus underlining the role of venture-investor fit in predicting investment proposal assessments.

Together, these three studies offer insight on investor decision-making, organizational emergence, and organizing in pursuit of social and commercial goals.

C: Extended executive summary of thesis (869 words)

For Their Own Good and for the Good of Others:
Identity Duality in New Venture Evaluation and Investor Decision-Making

In three empirical studies, this thesis investigates how firms manage and respond to competing demands (and opportunities) arising from the joint pursuit of two goals. It focuses specifically on the joint pursuit of commercial and social goals in the context of new venture evaluation and investor decision-making, thereby shedding light on a dynamic, opaque industry growing in influence and market value.

In three empirical studies, this thesis investigates how firms manage and respond to competing demands (and opportunities) arising from the joint pursuit of two goals. It focuses specifically on the joint pursuit of commercial and social goals in the context of new venture evaluation and investor decision-making.

Study One, Investing in Hybrids, offers a detailed taxonomy of investment selection criteria used by a Social Venture Capital firm (SVC): an investment firm investing in social ventures—early-stage companies that use commercial revenue models to pursue social missions. Applying inductive, qualitative analysis to a total of 1,614 actual investment evaluations from five years of archival data collected at a European-based SVC, the study finds that actual investment selection is based on five classic general venture investment selection categories, as well as three investment-firm-specific categories related to firm preferences, thematic foci, and context. Within these categories, the study specifies actual investment proposal attributes of interest to an SVC, notably identifying social-mission-related attributes as derived from actual investment decisions (e.g., issue selection, venture contribution to issue, venture approach to issue, and founder motivation). Interestingly, while some of the SVC's investment evaluations build on commercial venture attributes to predict commercial potential, and others build on social-mission-related attributes to predict social potential, some venture attributes evaluated by the SVC were used to make decisions about both the venture's commercial and social potential. Moreover, the study finds that the SVC evaluates ventures in an iterative process not wholly intended to identify immediately investable targets. The study finds high variation in the length of the evaluation period, even when holding the reason for venture rejection constant. The evaluation outcomes uncovered in this study suggest that the SVC prolongs the formal evaluation period to help improve evaluated ventures despite understanding the venture's immediate investment potential.

Study Two, Heart Money, details the strategies used by the same SVC to assess and engage with ventures over the length of the evaluation process. Data collected through interviews and a 25-month ethnography reveal five emergent strategies applied by the SVC to evaluate the plausibility of ventures' commercial claims, social claims, and the interaction between the two sets of claims. These strategies (Cautious Pursuit, Tinkering, Rapprochement, Helping, and Filtering Out) are costly in terms of time and emotional labor, and depend on the SVC's rich and diverse social capital, commercial expertise, and interpersonal skills. However, these strategies allow the SVC to identify and avoid investments in ventures with high Trade-off Hazard (i.e., high risk of prioritizing commercial outcomes at the cost of social outcomes, or vice versa). Moreover, when successful, these strategies enable the SVC to pursue their curiosity in the evaluated ventures' "true" social and commercial potential, co-creating attractive investment opportunities previously unavailable to them.

Study Three, Both Sides Now, demonstrates the extent to which funders' individual-level attributes influence the perceived attractiveness of evaluated investment proposals. Relying on an experimental method called conjoint analysis, 154 decision-makers at philanthropic, hybrid, and profit-oriented funds situated in 29 countries were asked to quantitatively assess the same set of 22 different venture investment proposals, resulting in a dataset of 3,388 investment evaluations. Statistical analyses of these data demonstrate that the social and commercial orientation of the individual funder's mindset affects how much weight they assign to key investment proposal attributes—the extent of the venture's social mission, the interdependence of the venture's revenue model and mission-related activities, and the commercial investment value of the proposal—confirming established knowledge on social mindsets, commercial mindsets and related preferences, but challenging expectations of how social-commercial hybrid mindsets affect investor decision-making. These results hold even when controlling for other proposal attributes and a set of funder characteristics (gender, investment experience, funder type, investment size, and geographic location) and support the view that investment outcomes rely on venture-fund fit as partly determined by initial evaluators.

These three studies shed light on a dynamic, opaque industry growing in influence and market value. First, they offer a detailed illustration of the criteria and processes employed by an investment firm targeting early-stage ventures with social and commercial goals. Next, they reveal how venture engagement strategies, implemented early on in the evaluation process, can help investment firms create and access investment deals in a competitive industry. Finally, they quantify how individual-level preferences affect investment evaluations at the level of the proposal attribute, demonstrating the importance of venture-investor fit in explaining investment proposal attractiveness.

Together, this empirical work is intended to offer insight on investor decision-making by investigating early-stage investments conducted in the joint pursuit of commercial and social goals. By analyzing large(r) samples of firm- and individual-level data directly produced by the subjects of interest, these studies offer a rare and rich illustration of factors leading to both successful and failed investment outcomes in a dual-goal context. Hopefully, this work provides helpful evidence on the challenges, complexities and benefits of tackling important social issues through business, and further stimulates thinking and action among scholars, venture supporters, investors and entrepreneurs in this domain.

D: Résumé étendu de la thèse en français

Pour leur propre bien et pour le bien des autres :
Dualité de l'identité dans l'évaluation des nouvelles entreprises et dans la prise de décision des investisseurs

L'organisation est un processus managérial qui exige un sens et un but. Des entreprises à but lucratif aux associations à but non-lucratif, des mouvements sociaux aux nouvelles initiatives : les gens s'organisent pour une raison. Les croyances sur qui ils sont, en tant qu'individus et en tant qu'organisations, constituent un « ensemble de « raisons ultimes » pour la planification, l'explication et la justification d'une action collective » (Whetten & Mackey, 2002, p. 396). Lorsque les récits à propos de « qui nous sommes » et de « ce que nous faisons » sont simples et cohérents, la prise de décision est facilitée pour les responsables (Martens, Jennings, & Jennings, 2007 ; Navis & Glynn, 2011; Voss, Cable, & Voss, 2006). Cependant, il arrive parfois qu'une organisation « se considère (et que les autres la considèrent) alternativement, voire simultanément, comme étant deux types d'organisation différents » (Albert & Whetten, 1985, p. 270). Ce type d'hybridité organisationnelle déroute, car il remet en cause nos connaissances en matière d'organisation (Battilana, Besharov, & Mitzinneck, 2017). Lorsque des organisations combinent des identités que l'on pourrait « normalement ne pas considérer comme pouvant aller ensemble » (Albert & Whetten, 1985, p. 270), la prise de décision ne repose plus sur une idée cohérente et unique de ce qui convient, ce qui entraîne des incertitudes au sujet des principes, ou de la combinaison de principes, qui guideront la pensée de l'organisation en tous moments.

Un type de dualité organisationnelle d'intérêt particulier pour les dirigeants et les universitaires est celui qui associe une identité liée à un profit commercial à une autre liée au bien-être social. Ces organisations à double identité (ou hybrides) intriguent particulièrement en ce qu'elles semblent demander aux décideurs de choisir entre ce qui est mieux pour leur entreprise et ce qui les rapprochera des objectifs qu'ils ont pour les autres (par exemple, leur communauté et/ou le monde). En conséquence, un riche ensemble de travaux a émergé visant à traiter des questions relatives à la dualité organisationnelle socio-commerciale (Battilana et al., 2017 ; Battilana & Lee, 2014). Les origines de cette littérature suggère que l'hybridité entraîne des tensions (Pratt & Rafaeli, 1997 ; Zilber, 2002), du conflit (Ashforth & Reingen, 2014 ; Glynn, 2000), de l'effondrement d'hybridité (Ebrahim, Battilana, & Mair, 2014 ; Yue, Wang, & Yang, 2018) ou des défaillances organisationnelles (Tracey, Phillips, & Jarvis, 2011). En revanche, des études récentes suggèrent que les configurations hybrides peuvent également être compatibles et complémentaires (Besharov & Smith, 2014), contribuant à renforcer la double identité de leurs membres (Besharov, 2014 ; Gotsi, Andriopoulos, Lewis, & Ingram, 2010) et de leurs organisations (Jay, 2013 ; Murray, 2010), voire faciliter la croissance et l'adaptation dans leur secteur au sens large (Haveman & Rao, 2006 ; Mair & Hehenberger, 2014 ; Rao, Monin, & Durand, 2003). Nous comprenons mieux comment les dirigeants peuvent utiliser la structure organisationnelle (Ashforth & Reingen, 2014 ; Perkmann, McKelvey, & Philips, 2018 ; Ramus, Vaccaro, & Brusoni, 2017 ; Smith & Besharov, 2017), les processus organisationnels (Jay, 2013; Lok, 2010), le langage (Alvesson & Willmott, 2002 ; Besharov, 2014 ; Fiol, 2002 ; Gotsi et al., 2010) et les stratégies (Golden-Biddle & Rao, 1997 ; Pache & Santos, 2013) pour générer, perpétuer ou résoudre les conflits découlant de la combinaison de deux identités organisationnelles différentes (Glynn, 2000 ; Zilber, 2002).

Cependant, à ce jour, l'étude des organisations socio-commerciales a été entravée par cinq défis. Premièrement, la majorité des recherches dans ce domaine s'appuie sur des recherches conceptuelles innovantes (e.g., Miller, Grimes, McMullen, & Vogus, 2012 ; Nicholls, 2010 ; Pache & Santos, 2010) ou des échantillons plus restreints d'organisations organisations socio-commerciales (Dacin, Dacin, & Tracey, 2011) n'ayant ainsi que peu d'accès à de grands ensembles de données. Deuxièmement, la plupart des recherches ont été menées sur des organisations à double identité qui réussissent ou durent (Dacin et al., 2011 ; Denrell, 2005). Cela s'explique probablement par la difficulté d'obtention d'informations sur les organisations ayant échoué et par le fait qu'il est difficile de définir et de mesurer la réussite socio-commerciale (Battilana & Lee, 2014). Troisièmement, la majorité des recherches sur les organisations socio-commerciales a eu tendance à se concentrer davantage sur l'organisation socio-commerciale elle-même, ses processus internes, son équipe fondatrice et ses objectifs sociaux (Ashforth & Reingen, 2014 ; Battilana & Dorado, 2010 ; Fauchart & Gruber, 2011 ; Pache & Santos, 2013). Cela a permis aux chercheurs, entre autre choses, de mieux comprendre la manière dont la motivation sociale influe sur la prise de décision stratégique, et comment les organisations à double identité commerciale et sociale gèrent cette dualité. Cependant, l'attention se portant principalement sur les processus internes, le rôle important des interactions inter-organisationnelles, l'influence des fournisseurs de ressources (Huang & Knight, 2017 ; Stinchcombe, 1965) et l'effet possible des tierces parties en matière d'influence sur les résultats d'hybridité (Jones, Maoret, Massa, & Svejenova, 2012) se voient exclus. Quatrièmement, les recherches sur la dualité organisationnelle ont jusqu'à maintenant eu tendance à se concentrer sur un type particulier d'organisation hybride avec des identités incarnées par deux groupes internes distincts (Ashforth & Reingen, 2014). Ce type d'organisation, appelé hybride idéographique (Albert & Whetten, 1985), tend à faire face à des conflits (par exemple, Glynn, 2000 ; Zilber, 2002) et à des échecs (par exemple, Tracey et al., 2011). Il existe moins d'études réalisées sur les hybrides holographiques, c'est-à-dire des organisations dont tous les membres possèdent des identités doubles (Smith & Besharov, 2017) et au sein desquelles l'hybridité peut être source de synergies et de complémentarité (Besharov & Smith, 2014 ; Murray, 2010). Cela suggère que les attributs et les conséquences de l'hybridité ont pu être confondus dans la littérature existante et, par conséquent, la possibilité que la gamme complète des résultats de découlant de l'hybridité n'ait pas été intégralement explorée (Kraatz & Block, 2008). Et finalement, les organisations dans ces études ont tendance à être sélectionnées en raison de leurs qualités hybrides préétablies (Perkmann et al., 2018 ; Ramus et al., 2017 ; Smith & Besharov, 2017). Lorsque les antécédents d'hybridité sont abordés, les études existantes mettent généralement l'accent sur le contexte, se référant à des facteurs au niveau du terrain ou du secteur (Haveman & Rao, 2006 ; Rao et al., 2003 ; Thornton & Ocasio, 1999) tout en négligeant l'hétérogénéité de la cognition managériale et le potentiel des attributs au niveau individuel en matière de résultats hybrides (pour de rares exceptions, voir : Miller & Wesley II, 2010 ; Miron-Spektor, Ingram, Keller, Smith, & Lewis, 2018 ; Zhang, Waldman, Han, & Li, 2015).

Pour traiter des obstacles à l'étude de l'hybridité organisationnelle et continuer de faire progresser nos connaissances de ce phénomène important, cette thèse tire parti du contexte empirique des investisseurs sociaux. Les sociétés d'investissement social gèrent des fonds qui investissent en prenant en compte des enjeux sociaux et environnementaux. Parmi ces investisseurs sont des fonds de capital-risque sociaux. Ces fonds investissent dans des entreprises hybrides socio-commerciales, en étant aussi une entreprise hybride socio-commerciale.

Les fonds de capital-risque sociaux (CRS) sont un ensemble de partenaires sous-étudié, mais crucial, pour les entreprises hybrides socio-commerciales, qui représentent un capital financier, social et de connaissances. Les chercheurs ont spécifiquement demandé que soient réalisées davantage d'études empiriques sur la prise de décision des investisseurs de fonds de capital-risque sociaux (Austin, Stevenson, & Wei-Skillern, 2006 ; Lyons & Kickul, 2013; Nicholls, 2010 ; Short, Moss, & Lumpkin, 2009), se référant à l'importance et à la difficulté d'accéder aux ressources en tant que jeune organisation à double identité (Aldrich & Fiol, 1994 ; Harding, 2007 ; Lyon & Ramsden, 2006 ; Pache & Santos, 2013), ainsi qu'au manque de recherches sur la prise de décision combinant des identités commerciales et prosociales (Shepherd, 2015 ; Shepherd, Williams, & Patzelt, 2015).

Répondant à cet appel, cette thèse examine l'impact de la dualité socio-commerciale sur l'évaluation des nouvelles entreprises et la prise de décision des investisseurs. Elle cherche spécifiquement à comprendre :

1) comment la dualité est perçue et manifestée par des CRS,
2) comment les CRS évaluent et façonnent la dualité dans d'autres organisations (émergentes) et
3) comment les attributs de niveau individuel affectent la prise de décision hybride.

Je fais cela dans trois études empiriques impliquant des organisations hybrides holographiques (c'est-à-dire, entièrement intégrées) et idéographiques (c'est-à-dire, séparées). Mes deux premières études tirent parti du contexte de recherche d'une unique société d'investissement social holographique. Dans la première étude, je me base sur un jeu de données unique et riche de 1 614 décisions d'investissement pour examiner les critères d'investissement utilisés par l'investisseur pour évaluer les organisations socio-commerciales dans leurs phases initiales (« investissements sociaux »). Dans ma deuxième étude, j'effectue un travail de terrain approfondi et je mène des entretiens au sein de la même société d'investissement pour mieux comprendre le comportement de la société d'investissements sociaux lorsqu'elle évalue et agit par rapport aux propositions d'investissement. Enfin, ma troisième étude examine les effets des attributs au niveau individuel sur les résultats hybrides dans la prise de décision sur la base de données recueillie auprès de 154 investisseurs dans une expérience conjointe. Prises ensemble, ces études allument les projecteurs sur un acteur important et pourtant négligé de l'organisation socio-commerciale, développant ainsi notre compréhension de la dualité d'identité au sein des organisations établies et émergentes.

Une brève description de chaque étude est disponible ci-après :

La première étude de cette thèse, Investir dans les hybrids, mène une étude de cas exploratoire et longitudinale sur la façon dont un investisseur social traduit ses identités sociales et commerciales en critères de sélection et d'évaluation d'investissements. L'investisseur social sélectionné présentait quatre avantages empiriques pour la conduite de recherches dans cet espace. Premièrement, j'ai identifié une société holographique qui cherchait à investir dans d'autres organisations socio-commerciales holographiques, ce qui offrait une perspective rarement examinée dans la littérature. Deuxièmement, par l'évaluation de centaines de propositions d'investissement émanant d'organisations socio-commerciales tous les ans, sur cinq ans, cette société a acquis une expertise considérable s'agissant de comprendre les formes holographiques d'hybridité, donnant ainsi une perspective intrigante et informative (pour un parallèle, voir : MacMillan, Siegel, & Narasimha, 1985). Troisièmement, la perspective de cet investisseur social investor donne accès à des décisions d'investissement concernant un large échantillon d'organisations socio-commerciales dans leurs phases initiales, cet échantillon présentant de hauts niveaux de validité interne et de validité conceptuelle auxquels la littérature existante n'avait auparavant jamais eu accès (Dacin et al., 2011 ; Gibbert, Ruigrok, & Wicki, 2008). Quatrièmement, le pool de propositions d'investissement évaluées par cet investisseur inclut les propositions acceptées et refusées d'organisations en phase de démarrage. En incluant également les entreprises plus jeunes qui n'obtiennent pas de financements dans l'échantillon étudié, nous pouvons réduire le biais du survivant (Denrell, 2005) et utiliser les résultats des financements de cet investisseur social expert comme un simple indicateur de performance (Navis & Glynn, 2011 ; Ter Wal, Alexy, Block, & Sandner, 2016).

Agissant sur ces opportunités, j'ai principalement puisé dans les données d'archives de la société pour construire une base de données de 1 614 décisions d'investissement prises sur cinq ans, incluant les propositions d'investissement acceptées (19), échoué (1 574) et à l'étude (40). Par le biais d'analyses inductives et itératives de ces données qualitatives sur une base individuelle, je commence l'ouverture de la boîte noire de l'investissement social, en identifiant 6 catégories de critères de sélection utilisés par l'investisseur pour évaluer les propositions d'investissement d'un point de vue social et commercial, incluant 14 critères d'importance particulière pour l'investisseur d'un point de vue social. Étonnamment, bien que ces critères se superposent aux conclusions de la littérature sur les préférences commerciales et sociales, une analyse de l'application de ces critères au fil du temps (par exemple, pendant la période de due diligence et négociation) suggère que le processus d'évaluation de l'investisseur social est fondamentalement différent du processus d'investissement traditionnel. En outre, une extension de l'analyse suggère que l'investisseur pourrait appliquer ensemble les prismes social et commercial afin d'évaluer un attribut unique dans une proposition d'investissement. Mes observations suggèrent que l'investisseur peut appliquer les deux prismes simultanément, ainsi que séparément, à différents moments. J'avance que cet acte intuitif de commutation des perspectives fournit aux investisseurs les fondations cognitives nécessaires pour transformer les attributs « non-relatifs à la mission » d'une entreprise en attributs relatifs à celle-ci et vice-versa.

Du point de vue de la recherche, ces conclusions suggèrent que les méthodes post-positivistes visant à comprendre la prise de décision d'investissement d'un investisseur social ne sont pas suffisantes et que des approches plus constructivistes sont nécessaires. D'un point de vue pratique, cette étude représente la première taxonomie des critères de sélection des entreprises sociales dérivée de décisions d'investissement réelles. Pour les entrepreneurs, le nombre de refus d'entreprises en raison de préférences spécifiques au fonds de capital-risque suggère qu'ils devraient effectuer des recherches et accorder la priorité au concept général d'adéquation entre l'entreprise et l'investisseur. En outre, les attributs d'entreprises liés à la mission suggèrent que les entreprises à motivation sociale ne devraient pas hésiter à développer et articuler ce composant de leur offre investissement lorsqu'elles approchent les investisseurs sociaux.

Dans l'étude suivante, L'argent du cœur, j'utilise le même contexte pour approfondir la façon dont les investisseurs sociaux évaluent et agissent par rapport aux propositions d'investissement, en portant mon attention sur les interactions inter-organisationnelles qui s'effectuent entre la proposition de la nouvelle entreprise et la décision finale d'investissement. Sur la base de 25 mois de travail sur le terrain au sein d'une même société d'investissement social (dont sept mois consécutifs in situ), j'ai pu observer que l'investisseur applique un cadre complexe mais intuitif dans son dialogue avec les nouvelles entreprises qui lui font des demandes de financement. Ces processus trans-limites (entre les entreprises et leur investisseur) ont une incidence sur le développement de l'identité hybride de la nouvelle entreprise, ainsi que ses performances, comme le mesurent les résultats de financement (Navis & Glynn, 2011 ; Ter Wal et al., 2016). L'analyse inductive d'une sélection d'entretiens transcrits, de notes de terrain et autres documents (Gioia, Corley, & Hamilton, 2013 ; Miles & Huberman, 1994) a révélé quatre comportements utilisés par l'investisseur pour comprendre et façonner la « constellation de déclarations au sujet des fondateurs, de l'organisation et des opportunités de marché d'une entité entrepreneuriale qui donne une signification aux questions « qui sommes nous » et « que faisons nous » » (Navis & Glynn, 2011, p. 480).

Premièrement, l'investisseur s'est acquitté de son double mandat en effectuant un filtrage inclusif et un filtrage éliminatoire, cherchant des investissements dans des nouvelles entrepises plus orientées marché et croissance comparé à des organismes à but non lucratif, mais plus conscientes sur le plan social comparé aux entreprises classiques et présentant un potentiel d'impact profond sur des problèmes sociaux par le biais de la vente rentable de ses produits ou services (Höchstädter & Scheck, 2015 ; TechCrunch, 2017). Deuxièmement, l'investisseur cherchait à éviter les contreparties (c'est-à-dire, favoriser les résultats sociaux au détriment des résultats commerciaux ou inversement). Je présente la preuve d'un aléa du compromis étant un critère de sélection clé utilisé par l'investisseur pour identifier et éviter d'investir dans des hybrides idéographiques, ainsi que cinq stratégies auxquelles il a recouru pour rendre davantage de nouvelles entreprises investissables de ce point de vue poursuite prudente, ajustement, rapprochement, assistance et filtrage éliminatoire). Bien que ces stratégies d'évaluation ne soient pas totalement fiables, lorsqu'elles étaient couronnées de succès, elles aidaient l'investisseur à identifier, voire à potentiellement co-créer des entités d'entreprise prometteuses. Enfin, l'investisseur consacrait aussi des ressources significatives à l'assistance aux entreprises sous-performantes sans voie claire vers un investissement, mais dont l'investisseur pensait qu'elles pourraient être source d'avantages commerciaux inattendus, mais plus important, cela l'aidait à maintenir la cohérence de son identité (Stratégie de protection de l'identité).

Ces découvertes ont des implications pour l'investissement dans les phases initiales, l'organisation hybride et la recherche en entrepreneuriat. Premièrement, la société d'investissement démontre qu'une approche moins transactionnelle (offrir un soutien à l'entreprise avant une décision d'investissement) peut permettre aux investisseurs d'accéder à des accords exclusifs et contribuer à améliorer les performances grâce à une relation nouvelle-entreprise-investisseur renforcée. Dans un contexte d'investissement social, ces découvertes suggèrent qu'offrir du temps et de l'attention avant d'effectuer un investissement financier pourrait être crucial pour la création d'opportunités d'investissement qui réaliseront de bonnes performances à la fois sur le plan social et commercial. Deuxièmement, elles suggèrent que les investisseurs pourraient être en mesure de combiner un comportement qui apporterait une aide aux nouvelles entreprises sans itinéraire clair vers investissement avec des activités qui peuvent encore leur être bénéfiques sur le moyen terme (par exemple, d'un point de vue des relations publiques). Enfin, l'étude traite des processus par lesquels les fournisseurs de ressources influent et façonnent l'identité des nouvelles entreprises, suggérant qu'une intervention précoce (à la phase de démarrage) de tierces parties compétentes et motivées pourrait être un élément crucial pour créer un plus grand nombre d'organisations hybrides durables.

Enfin, la troisième étude de cette thèse est relative aux antécédents d'hybridité. Bien que les organisations hybrides, en particulier les entreprises hybrides qui associent une mission sociale et/ou environnementale à un état d'esprit commercial-à but lucratif, sont en train de gagner en proéminence dans les recherches et en pratique, la majorité des recherches sur l'organisation hybride (incluant deux des trois chapitres de la présente thèse) est restée jusqu'à maintenant au niveau organisationnel et négligeait les antécédents au niveau inviduel. C'est un constat étonnant étant donné le rôle influent des individus en matière de création (Glynn, 2000; Zilber, 2002), de perpétuation (Alvesson & Willmott, 2002 ; Fiol, 2002 ; Murray, 2010) et de résolution (Besharov, 2014 ; Jay, 2013 ; Lok, 2010 ; Powell & Baker, 2017) des tensions au niveau de l'entreprise liées à l'hybridité.

Pour mieux comprendre les micro-fondations de l'organisation hybride (comment les attributs au niveau individuel façonnent les résultats hybrides en matière de prise de décision), cette étude utilise une conception expérimentale de la tradition de l'analyse conjointe. J'ai demandé à 154 investisseurs au sein d'organisations hybrides et non-hybrides et à l'état d'esprit varié d'évaluer des propositions d'investissement basées sur un ensemble de repères commerciaux et sociaux, ce qui a donné un ensemble de données de 3 388 évaluations d'investissement. L'hybridité de leurs états d'esprit a été capturée au moyen d'une échelle d'identité sociale adaptée (Sieger, Gruber, Fauchart, & Zellweger, 2016), tandis que les résultats hybrides l'ont été par le biais de l'analyse de l'évaluation de l'attractivité de différentes propositions d'investissements variable. Les conclusions montrent que la « qualité sociale » de l'état d'esprit d'un individu augmente l'attractivité perçue de l'hybridité dans les décisions d'investissement, tandis que le degré d'orientation commerciale de l'état d'esprit d'un individu réduit cette attractivité perçue. En outre, ces résultats démontrent un soutien partiel de la façon dont, et dans quelles conditions les états d'esprits hybrides entraînent une divergence des préférences de prise de décision de ces préférences connues. Comme attendu, les individus dont l'état d'esprit est fortement hybride considèrent les modèles commerciaux hybrides comme étant plus attrayants et l'importance de la cause sociale visée d'une entreprise comme étant moins attrayante comparé aux individus dont l'état d'esprit est à dominante sociale.

Cependant, on pourrait s'attendre à ce que des individus à l'esprit commercial dominant soient plus sensibles au prix des parts d'une entreprise comparé à des individus hautement hybrides (c'est-à-dire le montant de capital offre par montant d'investissement fixe), mais nous observons le contraire. Les individus à l'état d'esprit hautement hybride accordent plus d'importance au valeur commerciale de l'entreprise comparé aux individus à dominante sociale, mais, étonnamment, ils y accordent davantage d'importance comparé aussi aux individus à dominante commerciale. Ces découvertes démontrent les résultats parfois paradoxaux de la combinaison de deux façons de penser et soulignent l'importance et l'influence des agents individuels en matière de promotion et de perpétuation des états d'esprit au sein des entreprises. Elles offrent des implications importantes pour les recherches sur la prise de décision, l'identité et l'entrepreneuriat social.

Pour terminer, les conclusions de cette thèse ont des implications pour les recherches relatives aux prises de décision des investisseurs, à l'organisation hybride et à l'entrepreneuriat. J'amène le débat sur la façon dont les organisations gèrent des objectifs, identités et motivations multiples dans le domaine de la recherche sur la prise de décision des investisseurs ; un flux de recherche académique qui s'est largement développé en parallèle des recherches sur les organisations hybrides (pour de rares exceptions, voir par exemple, Daggers & Nicholls, 2016 ; Mair & Hehenberger, 2014 ; Miller & Wesley II, 2010). Je présente la façon dont la dualité est considérée et comment les investisseurs sociaux la manifestent, comment les investisseurs évaluent et façonnent la dualité au sein des organisations émergentes et comment les attributs au niveau individuel affectent la prise de décision hybride. Ce faisant, cette thèse répond aux appels à la recherche sur la façon sont les missions sociales affectent les résultats de prise de décision parmi les sociétés d'investissement et les initiatives de levées de fonds (Dacin et al., 2011 ; Hollensbe, Wookey, Hickey, George, & Nichols, 2014 ; Shepherd, 2015 ;

Short et al., 2009), et alimente les conversations sur les avantages et inconvénients potentiels relatifs au traitement de problèmes sociaux importants par le biais de l'entreprise.

E: Cover letter

The following excerpt is included to complement the discussion in Chapter 2 about the researcher's intentions when beginning this project. This excerpt, dated August 28, 2013, is of the cover letter sent to the Chair of Entrepreneurship and Technology Commercialization at EPFL in its entirety. In this letter, the reader may supplement their opinion about the reliability of the thesis by providing data about the context in which it was carried out. The cover includes the researcher's stated interests at the time, and original goals in pursuing this research project.

Dear Sir/Madam,

My name is Nettra Pan. I am a French-American citizen of Cambodian origin applying for the role of Ph.D. candidate at the Chair for Entrepreneurship and Technology Commercialization at the EPFL College of Management. I have recently completed a Master's Degree at the Paris School of International Affairs at the Institut d'Etudes Politiques (Sciences Po), where I studied public management, development policy and East Asia. Previously, I attended Columbia University, where I received my Bachelor's Degree in Political Science. I believe my professional and academic background – added to my personal motivation – make me a strong candidate for the study of entrepreneurship, a subject I believe is vital to the growth of meaningful economic opportunities for young people.

During my undergraduate education, I honed my skills in quantitative and qualitative research, in addition to gaining a solid foundation in ethics and Western political culture. At the graduate level, I delved deeper into the study of financial systems, public policy and drivers of human development in developing countries. I now seek an opportunity to specialize in the creation of societal wealth at an individual level, and to work on projects with directly applicable implications for entrepreneurs and governance reform.

I am an intellectually curious and resourceful person who has consistently worked in the social and education sector. This year I completed an internship in management consulting, helping organizations to fulfill their social and environmental goals while remaining economically viable. Working full-time at Hystra (Hybrid Strategies Consulting) introduced me to the challenges and rewards of being the intermediary between entrepreneurs, foundations and large corporations. Interacting with a range of startups, community organizations and non-

profits taught me the extent to which social ventures can rely on conventional business principles. After many interviews with firm founders and local contacts, we found that selling and marketing durable goods to rural areas actually required strong value propositions, high gross margins, sophisticated digital and mobile marketing tools and specially adapted sales training for micro-entrepreneurs (many of which were women working part-time). This opened my eyes to the amount of misinformation and uncertainty entrepreneurs in developing countries faced, and the potential for a scientifically-sound and well-executed education campaign to have a positive impact.

I have great admiration for entrepreneurs and hope to one day to offer holistic education in Cambodia through workshops and classes with a focus on creativity and entrepreneurship. In the last two years, as a Paris Ambassador for Sandbox, a global community of young leaders, I helped grow the hub from a group of 4 to 40 entrepreneurially-minded, close-knit young people committed to supporting each other and making a difference in their field. Through Sandbox, I have explored the New York City and Paris tech and social startup ecosystem, serving as a mentor, facilitator and judge in workshops and venture competitions. I would greatly welcome spending four years at EPFL to deepen my understanding of successful ventures and entrepreneurial ecosystems. Thank you for considering my application.

Sincerely,
Nettra Pan

F: Shortlist of dimensions considered for conjoint study

	Dimensions	Level 1	Level 2	etc.		
	Gender	Female	Male	Mixed team		
Market	**Market**	Unclear	Small & stagnant	Large & growing		
		100k	1M	100M		
Value Proposition	**Behavioral Change**	Requires marginal change by improving existing options	Requires marginal change by offering alternative	Requires significant change; different systems or routines		
	Creativity & Innovation	The offer is not based on a unique approach or technology	The product or service is comparable to existing offers	The offer's approach or technology is radically different		
	Company Stage	Pre-company	Pre-product	First product already launched		
	Time to first sale	Post-sales	0-3 months	3-6 months	6-12 months	12+ months
	Product-Market Fit	Little to no evidence of PM-Fit despite resources spent	Some evidence of PM-Fit given spent resources	Good evidence of PM-Fit given spent resources		

Figure 46: Potential non-social-mission-related dimensions and levels for conjoint study

	Dimensions	Level 1	Level 2	etc.	
Business model	**Revenue generation**	Revenue model profitable	Revenue model break-even point	Revenue model in iteration, not profitable	No revenue model planned, donation-based, not profitable
Alignment	**Use of proceeds**	100% of profits reinvested into venture	50% of profits reinvested, 50% to other charitable cause	50% of profits reinvested, 50% of profits to shareholders	50% of profits to charitable cause, 50% to shareholders
	Alignment	More sales will lead to more beneficiaries reached	More sales may not lead to more beneficiaries reached	More beneficiaries reached may not lead to more sales	
Mission	**Locus of Positive Impact Generation**	Upstream (during sourcing or production)	Downstream (during delivery/consumption of product/service)	In parallel (financed by venture, unrelated to core activity)	
	Main Target Beneficiary	Beneficiary is an employee or partner intentionally integrated	Beneficiary is also the customer	Beneficiary is future generations and at-risk groups (environmental)	Beneficiary is not directly related to core venture activity
Market	**Beneficiary Market Size**	Unclear	Niche	Large and diminishing	Large and growing
	Market Size	Unclear	Niche	Large and diminishing	Large and growing
	Value Proposition	Product or service harms health	Offer delivers a basic service, empowers or meets acute need	Product or service delights and/or solves a problem	

Figure 47: Eight potential dimensions and levels for conjoint study – Option 1

	Dimensions	Level 1	Level 2	etc.	
Business model	**Revenue generation**	Revenue model profitable	Revenue model break-even point	Revenue model in iteration, not profitable	No revenue model planned, donation-based, not profitable
Alignment	**Use of proceeds**	100% of profits reinvested into venture	50% of profits reinvested, 50% to other charitable cause	50% of profits reinvested, 50% of profits to shareholders	50% of profits to charitable cause, 50% to shareholders
	Alignment	More sales will lead to more beneficiaries reached	More sales may not lead to more beneficiaries reached	More beneficiaries reached may not lead to more sales	
	Long-term Alignment	Joint commercial and social mission is not protected	Joint mission is protected by venture documents only	Joint mission is protected by venture revenue model only	Joint mission is protected by venture doc's + revenue model
	Founder/team	Founding team has strong commercial motivation only	Founding team has strong commercial and prosocial motivation	Founding team has weak prosocial and commercial motivation	Founding team has strong prosocial motivation only
	Gender	Female	Male	Mixed team	
Value Proposition	**Price Point**	Good or service is affordable to those who need it	Good or service is affordable to most who need it	Good or service is affordable only to high end customers	
	Solution	Good or service addresses root issue of a problem	Good or service alleviates a problem	Good or service temporarily alleviates problem symptoms	Good or service effectiveness is weak, temporary or unproven
	Value Proposition	Product or service harms health	Offer delivers a basic service, empowers or meets acute need	Product or service delights and/or solves a problem	
	Impact Measurement	Delta of positive impact possible to estimate qualitatively	Delta of positive impact possible to estimate quantitatively	Possible quantitative and qualitative est. of positive impact delta	Delta of positive impact delta post intervention difficult to measure
Mission	**Locus of Positive Impact Generation**	Upstream (during sourcing or production)	Downstream (during delivery/consumption of product/service)	In parallel (financed by venture, unrelated to core activity)	
	Societal orientation	Creates employment and delights users	Creates employment, pays taxes and delights users	Creates employment, pays taxes, delights users, donates profits	
	Main Target Beneficiary	Beneficiary is an employee or partner intentionally integrated	Beneficiary is also the customer	Beneficiary is future generations and at-risk groups (environmental)	Beneficiary is not directly related to core venture activity
	Beneficiary Characteristics	50% or more of world population share beneficiaries' dilemma	30% or more of world population share beneficiaries' dilemma	15% or more of world population share beneficiaries' dilemma	Less than 5% of world population share beneficiaries' dilemma
Market	**Beneficiary Market Size**	Unclear	Niche	Large and diminishing	Large and growing
	Market Size	Unclear	Niche	Large and diminishing	Large and growing

Figure 48: Alternative potential dimensions and levels for conjoint study

G: Study 3 Appendix

Categories explaining investment outcomes, their definition and frequencies

Category and sub-category	Examples	Exemplary data	Main reason for ejection (1/proposal)		All given reasons for ejection (average of 1.6/proposal)			
Reasons for rejection and reasons for ejection			#	%	#	%	Weighted	
Product/service			**142**	**8.8**	**416**	**16.5**	**140**	**8.7**
Offer attributes	- *Value proposition unclear* - *Not differentiated (no USP)* - *Limited appeal*	- *[We] struggled with the product's ability to be a truly differentiated and 'game changing' technology within the accessibility market. (785, Correspondence with venture)* - *I ultimately think this service is still a little ahead of its time and not a holistic enough solution (i.e.: nice to have for those who can afford it, but limited prospect of continual engagement and mass adoption). (1104, IC Poll)* - *Concerns around willingness to [pay] for separate handset (885, IC Poll)*	*81*	*5.0*	*212*	*8.4*	*76*	*4.7*
Commercial strategy	- *Defensibility of offer* - *Route to market* - *High user acquisition costs* - *difficult to scale* - *distribution strategy inadequate*	- *Not sure what's defensible here, until they generate sufficient brand/critical mass. (735, IC Poll)* - *Pass - lack of scalability of brick and mortar school model. (484, IC Minutes)* - *The team agreed that the opportunity and change you're aiming to create in how we consume art in the day-to-day is intriguing. However, the team could not agree on our views around the commercial strategy of creating coffee+art hubs at scale. In particular, the model seems to entail quite a complex process in creating a "template-able" model at scale across new geographies and networks of artists. (990, Correspondence with venture)*	*61*	3.8	*204*	*8.1*	*64*	*4.0*
Market			**80**	5.0	**245**	**9.7**	**82**	**5.1**
Addressable market	- *Market size,* - *Competition* - *Active incumbent*	- *First, the competitive landscape has become quite saturated over the past few years, with corporates facing an increasing spectrum of similar propositions for their employees. The team struggled to see what the competitive edge is for corporates to choose [venture] over these propositions. (720, Correspondence with venture)* - *Pass on investing due to competition (836, SVC Database)*	*34*	2.1	*126*	*5.0*	*37*	*2.3*
Market regulation risk	- *Risk of government intervention*	- *Relying on local authorities as partners may be difficult to scale - red tape and budget dependent? (1264, IC Poll)*	*1*	0.1	*8*	*0.3*	*2*	*0.1*

	- *or lack of government support* - *Legal complexities*	- *[We] spent considerable time discussing the opportunity, but couldn't arrive at a consensus on balancing the capital needs of the business over time and the potential to scale and become adopted across multiple jurisdiction (714, Correspondence with venture)*						
Product-market fit	- *No evidence of product-market fit* - *Limited sales, users, partners, and other kinds of traction*	- *No signs of market traction or adoption by schools. (1530, SVC Database)* - *I think it's a bit premature for us to consider investing until such point as they gain a bit more traction, would you mind keeping us posted in this regard? (515, Internal correspondence)* - *All expressions of interest - no signed contracts (1546, Venture meeting notes)*	*45*	2.8	*111*	*4.4*	*43*	*2.7*
Finance			**38**	2.4	**118**	**4.7**	**42**	**2.6**
Capital expenditure required	- *High capital requirement* - *Long payback period*	- *Not as immediately appealing, especially given longer payback periods and capex needs (14, SVC Database)* - *Significant capex and lead time to market (1503, SVC Database)*	*8*	0.5	*26*	*1.0*	*8*	*0.5*
Revenue model	- *Small margins or insufficient volume* - *Not-for-profit approach*	- *Interesting idea, but no idea how to monetize (1450, SVC Database)* - *Yes, agree don't think there is big revenue opportunity. [They] want to open-source software and have hardware "subsidized" by NGO's / gov't bodies (?) (1476, Venture meeting notes)*	*30*	1.9	*92*	*3.6*	*34*	*2.1*
Team			**10**	0.6	**77**	**3.0**	**24**	**1.5**
Founder	- *Founder personality and values* - *Founder talent* - *Rapport with VC* - *Founder commitment to venture*	- *I don't [sic] think we can back [founder]. He is not a founder that I would like to take out for a beer (or fruit juice), which in my mind makes him a tough proposition for us to back. (1256, Poll)* - *Key questions are […] founder: can she attract top talent to work with her and is she taking our feedback?" (1303, Venture meeting notes)* - *serious concerns on his character. This is something absolutely not right about him. I think we would struggle to work with him. (1255, IC Poll)* - *[P3] met 22/7: [P2] and [P3] agree - not convinced with founder [founder]'s intentions/strategy/capability. (193, SVC Database)*	*4*	0.2	*27*	*1.1*	*9*	*0.6*
Team's skills and experience	- *No or incomplete team* - *Lacking key expertise, e.g., in business or technology*	- *Lost co-founder. To stay in touch as reforms team and be helpful. (1249, SVC Database)* - *The focus on talent acquisition was missing from your broader plans, as whilst consultants can be helpful when given discrete project based work, the ability to find and retain top talent will be what truly turns [venture] into a great business. (1282, Correspondence with venture)*	*6*	0.4	*50*	*2.0*	*15*	*0.9*

VC-specific criteria			**754**	46.7	**1078**	**42.6**	**735**	**45.5**
VC-focus: venture location	- *Outside geographic focus* - *No local contact*	- *Need to see local investors in [region] (1247, IC Minutes)* - *[vote no]. Can we help this particular business in [emerging-country]/target markets?* - *Passed due to […] geographical risk ([emerging-country] based)*	*18*	1.1	*31*	*1.2*	*19*	*1.1*
VC-focus: venture stage	- *Too early* - *Company too advanced* - *Valuation too high* - *Raise too large*	- *Too big for us (8)* - *Pass due to size. (784)* - *The team was impressed with the product and traction to date; however, the business has progressed to a later stage than the current focus of FIRM's investments. (1009, Correspondence with venture)* - *Take off table for now due to: valuation (617)* - *[DM2] and [DM2] met with [founders]. Venture is still idea stage. (221)* - *Interesting what they're building but quite early. (315)* - *Pass due to stage (lack of proof of concept). (549)* - *Too early to invest in (1179)*	*99*	6.1	*153*	*6.1*	*92*	*5.7*
VC-focus: venture mission	- *Hazardous relationship of social outcome to revenue mechanism* - *Unclear founder social motivation* - *Inappropriate problem scope* - *Unclear venture contribution* - *Ease of measurement of venture contribution*	- *Action Area=N/A (20, SVC Database)* - *Social (Yes/No/Maybe): No (28, SVC Database)* - *No impact (32, SVC Database)* - *P2 relayed message: pass on investing due to lack of fit with our impact framework (67, SVC Database)* - *NFP [not-for-profit]- not for us (277, SVC Database)* - *We believe the venture is currently not analogous with our broader portfolio, as we seek to measure the pre-determined social outcomes generated by the product or service of the company. (141, Correspondence with venture)* - *I'm not sure there is a clear enough fit with our investment areas and impact focus, but we do wish you all the best (179, Correspondence with venture)* - *Very intersting idea [sic], but not clear what social outcome here is (564, Poll)* - *We could not arrive at a consensus in how [venture] fits into our investment framework, particularly in how we aim to measure the social outcomes generated by the products over time. (1322, Correspondence with venture)*	*429*	26.6	*629*	*24.9*	*425*	*26.3*
VC preference: deal structure	- *Small round allocation* - *Insufficient control, e.g., board seat* - *Share grade*	- *We were going to be the largest ticket, but we weren't going to have a board seat, and there were some other concerns around the terms (149, Interview)* - *[No.] We should be either in great value deals/leading, and/or a minority of 'access' deals, where we have a v strong partner who can lead and underwrite for a long time (eg [lead investor] in [5564]). Note also [deal structure], with pref 8% cum divi*	*9*	0.6	*20*	*0.8*	*9*	*0.6*

		structure, which is typically not quite right for us. (373, Poll)						
VC context: SVC capacity	*- Mismatch with VC expertise - Lack of expert endorsement - Low team capacity*	*- Biology is too advanced for me. (279, SVC Database) - We failed to get back [to this venture on time] and missed this round (750, Venture Minutes) - Closing too soon (1603, SVC Database) - I think given your timelines it'll be difficult for us to close an investment (1032, Correspondence with venture)*	*50*	3.1	*77*	*3.0*	*45*	*2.7*
VC context: Relation to other ventures and portfolio	*- Conflict with another venture under consideration - Conflict with portfolio venture*	*- [A3] met, as comparison to [other venture in pipeline, 3334] [only] (no further action) - Not high enough on our shortlist at the moment to prioritize. (1338, SVC Database) - There may be a similar venture with more traction/better model - [venture 616 which we are in touch with] (907, SVC Database) - Interesting tech but too similar to other parts of portfolio (722, IC Minutes)*	*13*	0.8	*27*	*1.1*	*13*	*0.8*
VC context: Venture rejection	*- Venture not currently raising - Venture closed round without invitation - Venture did not respond*	*- Not raising at the moment. [founder] will update us (133, SVC Database) - not looking for funding, is looking for advice and input (159, Venture meeting notes) - Family emergency - waiting til Jan for update (786, SVC Database) - No reponse from venture [sic] (1590, SVC Database) - [To venture]: I must admit, however, that I'm disappointed that we were not offered an allocation in the round alongside the other investors. (214, Correspondence with venture) - Oversubscribed - P2 to write back - [there is] not space for us. (847, IC Minutes)*	*136*	8.4	*141*	*5.6*	*133*	*8.3*
Other	*- Not fully passed - Stay in touch - No reason given*	*- Pass on investment conversation at this time. (153, SVC Database) - [P2] and [P3] spoke with [founder] No further action. (176, SVC Database) - No further action (220, SVC Database) - She said, "I took a look and I don't find it interesting." (1051, Interview) - We don't really have a good answer. What does art mean to us from an impact perspective? Let's not fully pass. (80, IC Transcript) - Team not selected as finalist for [competition] (825, SVC Database)*	**550**	34.1	**554**	**21.9**	**551**	**34.1**
Investment status (for ventures still under consideration)			**#**	**%**	**#**	**%**	**#**	**%**
Under review	*- To be reviewed - Under review - Due diligence - Terms under negotiation - Fundraising*	*- P1 wants to schedule follow-up. (608, IC Minutes) - A3 to look into: What is size of problem? Quantifying number of people at risk. (146, IC Minutes) - Would you be available for a call over the next couple weeks to discuss? (1539, Correspondence with venture)*	**21**	**1.3**	**21**	**0.8**	**21**	**1.3**

Invested	- *Deal closed and money transferred*	- *Transfer of money to occur (1287, IC Minutes)* - *Negotiation re: valuation. [2 weeks later:] DM1 to prompt them to sign. [One month later:] Need to sign today - DM2 will liaise. [One week later:] Closed. (610, IC Minutes)*	**19**	**1.2**	**19**	**0.8**	**19**	**1.2**
		Total	**1614**	**100**	**2528**	**100**	**1614**	**100**

Table 41: Exemplary data for SVC's top-level categories for investment outcomes, definitions and frequency

Dual-purpose investment proposal attributes (Phase IV alternative coding expanded)

Exemplary Data Indicating Reason for Rejection[141] *(Note: decisions may have multiple reasons)*	**Phase III Coding (original)**		**Phase IV Coding (alternative)**	
	Sub-category	**Code group**	**Category**	**Sub-category**
I'm not sure there is a clear enough fit with our investment areas and impact focus, but we do wish you all the best (179, Correspondence with venture)	VC-specific criteria (venture mission)	Social mission (general)	Market	Social impact area
Discussed at IC on 16.01 - not a fit due to testing of stem cells (258, SVC Database); Don't think we should be investing in company using human stem cell research. Personal views aside, this is still controversial area. (258, Poll)	VC-specific criteria (venture mission)	Social mission (general)	Market	Social approval risk
I did not buy into the idea of selling to rich and then subsidising the solution for the poor. This is not lock step. It should make money by servicing the poor. Can they change to make this more accessible? More detail on the business plan and revenue model? (815, Poll)	VC-specific criteria (venture mission)	Relationship of social activity to core revenue generating activity	Revenue model	Relation to social activity
Team discussed at IC on 27/7: No investment at this stage due to not fitting lock-step model. [DM2] provided response on 1/9. (Tracker) Will get bought by a big insurer - need to work out impact. (898, SVC Database, Poll)	VC-specific criteria (venture mission)	Relationship of social activity to core revenue generating activity	Revenue model	Relation to social activity
While we are aligned with respect to the social outcomes the business aims to achieve in supporting local and small-scale producers, we look for scalable for profit businesses which deliver sustainable social and commercial outcomes. (1550, Correspondence with venture)	VC-specific criteria (venture mission)	Not-for-profit approach	Revenue model	Profit model
Follow-up=pass; Meeting=No; Comment=Non-profit (1556, SVC Database)	VC-specific criteria (venture mission)	Not-for-profit approach	Revenue model	Profit model
"Not a fit for venture (more NFP)" (1560, SVC Database)	VC-specific criteria (venture mission)	Not-for-profit approach	Revenue model	Profit model
DM1: Can they sustain and grow as a for-profit? Seems more like a (great) nfp [not-for-profit] model. Again, $1.50 is quite expensive for a wash and reading session (I paid about the same for 3-4 weeks of washing - soap and water, my own two hands). [venture offers washing machines for rent, inside a community library] P1: Nice idea, but I really struggle to understand the business viability. (790, Poll)	VC-specific criteria (venture mission)	Not-for-profit approach	Revenue model	Profit model
Team: Average - the team has extensive business experience (particularly the CEO), but seems to have limited focus on generating real social impact. (93, Venture Meeting Notes)	VC-specific criteria (venture mission)	Founder/team social motivation	Founder /team	Commitment (to generating positive social outcomes)
Don't seem that impact driven. (450, IC Minutes)	VC-specific criteria (venture mission)	Founder/team social motivation	Founder /team	Commitment (to generating positive social outcomes)
VC8: [Vote no.] Great idea and business potential. The impact is not convincing to me so.	VC-specific criteria	Problem scope (inappropriate problem)	Product /service	Differentiated (social) proposition

[141] All are direct quotes; each number refers to a different investment proposal.

VC4: [Vote no.] Impact appears limited, and much more interesting would be creating capsules to be used in existing Nespresso machines. VC3: [Vote no.] I don't think this is actually that impactful (yes, it saves time for parents, but I find the health effects tenuous). The idea seems interesting and anecdotally (and instinct) tells me there is [low] initial willingness to pay (esp among upper middle class) until price points fall over time. VC1: [Vote no.] amazing idea, but i dont see an impact case here. (723, Poll)	(venture mission)			
I hope you're well. I wanted to firstly thank you for your patience and engagement in this process, with the materials you provided this morning being very helpful in framing our Investment Committee discussions. The feedback from the team this morning was that whilst the technology was fascinating and the team compelling, we could not get comfortable with the following points: 1). The high price point excluded large parts of the population, and therefore limited the positive social outcome generation. 2). The go-to-market strategy was not diversified or differentiated enough to really excite us. Therefore, [] will not be investing in this round. I understand that this must be disappointing, but if you would like more detailed feedback please do let me know. (Venture correspondence) VC2: Too niche and high-end for the moment, perhaps we can revisit if they look to broaden their appeal? VC1: [Vote no.] I think the impact case here is weak. VC3: [Vote no.] from an impact perspective. VC4: [Vote no.] No impact, but a potentially lucrative high margin business if the sales strategy can be accurately executed. (724, Poll)	VC-specific criteria (venture mission)	Problem scope (high-end customer target)	Market	Size (niche premium market)
[We] struggled with the product's ability to be a truly differentiated and 'game changing' technology within the accessibility market. (785, Correspondence with venture)	VC-specific criteria (venture mission)	Venture contribution (general)	Product /service	Differentiation of (social) proposition
How can you measure that and what is actually a leading indicator? Also, because we don't measure impact and for the sake of measuring impact. You measure impact in the belief that it should be driving your financial story. […] We'd need to think about what is a driver of success for your business alongside delivering a positive social outcome. (777, Fieldwork notes)	VC-specific criteria (venture mission)	Venture contribution (measurability)	Product /service	Competitive advantage (social proposition effectiveness)
I like the company but raise two questions [sic]: 1) How does it fit in our impact metric? [It's] education, but there are no clear impact metrics defined and they do not use any KPIs 2) Very competitive market. DD [due diligence] has to reveal a clear competitive advantage (What do they have that no one else can mimic? (229, Poll)	VC-specific criteria (venture mission)	Venture contribution (measurability)	Product /service	Competitive advantage (social proposition effectiveness)

Table 42: Additional exemplary data of alternative coding of SVC's mission-related decisions, revealing SVC's use of dual lens

Detailed breakdown of SVC investment milestones

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Deals received (entry)	16	74	680	719	125	1614
Deals reviewed (exit)	14	47	650	725	178	1614
Investments (new)	1	3	2	6	2	14
Investments rate (new)	7%	6%	0%	1%	1%	16%
Follow-ons made	0	0	0	4	1	5
Investments (total)	1	3	2	10	3	19
Investments rate (total)	7%	6%	0%	1%	2%	17%
Resubmit rate of invested	0%	0%	0%	20%	0%	11%
Resubmits received	0	0	13	76	16	105
Resubmit rate (incl. FO)	0	0	2%	11%	13%	25%
Resubmits reviewed (no FO)	0	0	10	69	24	103
Resubmits reviewed (total)	0	0	10	69	26	105
Resubmits invested (no FO)	0	0	0	2	0	2
Resubmits invested (incl. FO)	0	0	0	6	1	7

Table 43: Detailed breakdown of SVC investment milestones

Investment selection outcomes over time at a Social VC (red line) vs. a traditional VC (black line)

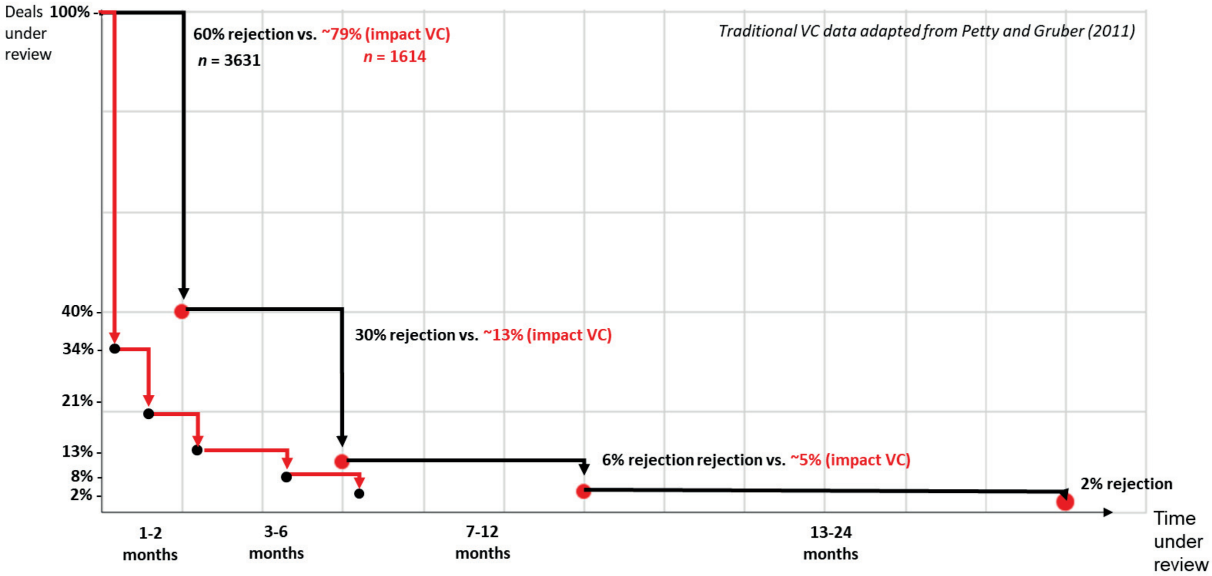


Figure 49: A comparison of ejections over time between a traditional VC (black line) and a social VC (red line)

H: Study 4 Appendix

Extended introduction to empirical context

Social Venture Capital

In the last few decades, expectations about who is responsible for addressing social and environmental problems has palpably changed (Battilana & Lee, 2014). On one hand, citizens are dissatisfied with traditional providers of social services, expressing record-levels of distrust of the government (Edelman Berland, 2014; Nye, 1997a, 1997b). On the other hand, businesses and investors understand the growing demand from stakeholders to engage in more prosocial (and more pro-environmental) behavior (Bhattacharya, Sen, & Korschun, 2008; BlackRock, 2018; Margolis & Walsh, 2003; Walsh, Meyer, & Schoonhoven, 2006). These combined two factors provide a niche for social ventures and social investors.

Although failure rates among social ventures remain high (Harding, 2007; Lyons & Kickul, 2013; Nicholls & Pharoah, 2008), interest in these structures grows, attracting interest from media (Short et al., 2009), government (Thompson, Alvy, & Lees, 2000), and students. In top U.S. business schools, the number of students enrolled in social enterprise courses or independent projects has risen by over 800% in a 15-year period[142] (Milway & Goulay, 2013). The number of *benefit corporations*—a legal entity in the United States that allows for-profit companies to include social welfare-oriented activities, in addition to its commercial goals—has grown exponentially since 2010 (Bannon, 2015).

On the investment side, one report estimates that social investors overall will manage 500 billion to one trillion USD[143] in assets by 2020 (Acumen Fund & Monitor Institute, 2012), raising funds from diverse sources: large institutions, public, and private funds and foundations (Center for Global Development, 2010; Puttick & Ludlow, 2012; Rodin & Brandenburg, 2014). Many of these funds operate in frontier markets, although this is not always the case. They are also found in a variety of social sectors such as renewable energy (23%), rural development (17%),

[142] From 71 in 1995 to 600 in 2010.
[143] For reference, this is 5-10 times the amount of overseas development aid in 2008 (Yasmin, 2009). The MoneyTree Report estimated venture capital investment at over $58 billion in the United States in 2015 (National Venture Capital Association, 2016).

trade (14%), education (4%), and health (17%) (Simon & Barmeier, 2010), but also traditional sectors such as Agriculture, Health, Food (AHF), Consumer Products, Retail (CPR), Energy, Environmental Technology, Utilities (EEU), Financial, Consulting, Services (FCS), Manufacturing, Construction, Transportation, Media, Education (MCT), Communications (MEC), and Software and IT (SIT) (Clark & Ucak, 2006: 22).

SVCs in particular, mostly operating in a traditional venture capital structures[144] and targeting early-stage ventures in a number of industries, have raised 10 billion USD to invest in social ventures since 2010 (Randjelovic, O'Rourke, & Orsato, 2003; Rheingold, 2017; Santos et al., 2015). While these funds have been areas of great growth in the last few decades, they are also still a source of confusion, due to fragmentation in the overall industry, with multiple actors using the same terms to describe different approaches to investing and vice versa (Chiappini, 2017; Daggers & Nicholls, 2016; Freireich & Fulton, 2009; Höchstädter & Scheck, 2015).

For example, what we refer to as "Social Venture Capital" (Miller & Wesley II, 2010) is also referred to as "impact investing" (Rodin & Brandenburg, 2014), "blended value investing," "double-bottom line" or "triple-bottom-line investing" (Harold, Spitzer, & Emerson, 2007), "community development venture capital" (Jegen, 1998), "developmental venture capital" (Rubin, 2009), "mission-driven investing" (Kolodny, 2016), "patient capital" (Novogratz, 2010), "philanthrocapitalism" (McGoey, 2014), "philanthropic venture capital" (Scarlata & Alemany, 2010), "social investing" (Nicholls, 2010), "sustainable venture capital" (Bocken, 2015), and "venture philanthropy" (Healey & Hoyt, 2013; Moody, 2007; Pepin, 2005). At times, these terms are also lumped together with related but separate social investment styles from the commercial side—such as "Socially Responsible Investing" and "Environmental-Social-Governance Investing," whose decision rules are primarily based on selective filters applied to publicly traded companies and physical assets (Irvine, 1987; Rudd, 1981; Yan, Ferraro, & Almandoz, 2018)—as well as from the social side, whereby terms such as "investment" are used, but refer to a charitable grant without the expectation of financial return (The European Venture Philanthropy Association, 2016).

When these terms *do* refer to the same thing, that is, investing with the dual purpose of creating strong social and financial returns, they still encompass a number of different financial preferences (Chiappini, 2017; Höchstädter & Scheck, 2015), investment structuring approaches (Scarlata & Alemany, 2010)—including different investment targets (e.g. early-stage, later stage, social themes, legal structures)—and financial instruments (e.g., equity, loans).

[144] A traditional venture capital structure refers to a fund managed by a General Partner on behalf of Limited Partners whose money is being managed.

Prior literature in this area has tended to focus on the concept of trade-offs, that an investor must either sacrifice rigor in the evaluation of a venture's potential social contribution or, if she *truly* wishes to enable meaningful social outcomes, accept below market-rate financial returns (Daggers & Nicholls, 2016; Grabenwarter & Liechtenstein, 2011). Essentially, the literature has implied that investors must prioritize either financial outcomes (acting as a "finance-first" investor) or prioritize social outcomes (acting as an "impact first" investor), but they cannot pursue both and achieve competitive outcomes (Achleitner, Spiess-Knafl, & Volk, 2014).

One of the reasons why competitive outcomes are thought to be unattainable is due to the assumed *negative* interdependent relationship between social activities and financial activities within a firm, as echoed by one stream of hybrid organizing research. In the context of social investing, scholars caution that resource providers can limit hybridity in the organizations they fund by encouraging "mission-drift," a phenomenon whereby organizations gradually come to prioritize demands of the commercial identity over the social one (Ebrahim et al., 2014; Jegen, 1998). Yet, much like the research on ideographic hybrid organizations, empirical work on resource providers that combine commercial and (pro)social identities is equally rare (Lyons & Kickul, 2013; Shepherd, 2015; Shepherd, Williams, & Patzelt, 2015). Thus, it is not certain that third-party support in hybrid organizing tends to lead to hybridity collapse.

In fact, theoretically it would follow that an ideographic hybrid organization would seek investments in hybrid organizations with qualities they believed essential to success. The new nature of this phenomenon suggests that young, dual-identity organizations may simply not have managed to raise funds (or raise funds from appropriate partners) (Aldrich & Fiol, 1994; Harding, 2007; Lyon & Ramsden, 2006; Pache & Santos, 2013). SVCs in this context would represent an important source of financial, social, and knowledge capital (Huang & Knight, 2017; Lyons & Kickul, 2013; Stinchcombe, 1965).

Our social investor of interest, SVCs, are like traditional VCs in that they expect their portfolio companies to generate revenue and eventually return cash to their investors (MacMillan, Siegel, & Narasimha, 1985; Tyebjee & Bruno, 1984). Yet unlike traditional VCs, social VCs also expect their investees to deliver on social outcomes (Scarlata & Alemany, 2010). An independent study referred to them as "VCs first that intend to generate market-beating financial returns because of, not in spite of, [a social] impact-oriented investment thesis" (Rheingold, 2017). They usually hold both a social and financial mandate. If structured as a fund they have a fiduciary responsibility to their investors. Some funds also self-impose a social performance requirement on the managing partners of the firm, which prevent them from touching the financial gains from their investment (e.g., “carry”) if social performance indicators are not met (alongside financial indicators) (Fieldwork).

As such, social investors represent a viable window into the complexities of duality, as they seek out dualistic organizations they believe to have the markers of sustainable hybridity. We detail the empirical advantages of our context in the following section.

Social Venture Capital as a Window into Organizational Identity Duality

The primary reason why SVCs are intriguing as an organizational setting is due to the specificities of its hybrid nature. Theoretically, SVCs have the capacity to be ideographic or holographic hybrids, as they can be inhabited by two groups of individuals: one that identifies mostly with the (pro)social identity[145] of the firm and one that mostly identifies with the firm’s commercial identity. In fact, this is what we have seen modeled by other hybrid financial institutions in the literature (e.g., the microfinance institution studied by Battilana & Dorado, 2010). Alternatively, SVCs may be populated only by individuals who equally identify with the dual sides of the firm’s activities, rendering their firm’s identity as holographic (Albert & Whetten, 1985; Ashforth & Mael, 1989; Whetten, 2006).

From another theoretical perspective, SVCs have the capacity to be structured in a way that places the social and commercial identities at odds with each other (low compatibility), while also ensuring that manifesting both identities in “core features that are central to organizational functioning” (high centrality) (Besharov & Smith, 2014: 7). Scholars theorize that this low compatibility and high centrality results in a contested organization—a key indicator of conflict in hybrid organizations. Indeed, this might be the more commonly expected case. Scholars argue:

> *“inevitably there will be a tension between social and financial goals, and at some point[,] every [social venture capital firm] will have to choose between higher financial returns and the fund's social agenda”* (Jegen, 1998: 189).

However, it does not preclude the possibility of an SVCs with high compatibility and high centrality, which may be more mindful and cautious of being the cause of “mission-drift,” whereby organizations gradually come to prioritize demands of the commercial identity over the social one (Ebrahim et al., 2014; Jegen, 1998). Moreover, the literature has rarely examined such holographic/high compatibility organizations, and yet much could be learned about hybridity from such organizations.

[145] Our identity construct of interest in this study is organizational and new venture identity, not social identity, which is a social-cognitive, individual level construct. Hence, from time to time, we use the preface (pro)social to indicate the type of identity we are referring to (i.e., social welfare-related, driven by the desire to help others, prosocial).

SVCs have extensive experience in evaluating duality and strong incentives to accurately assess organizations due to their dual identity. The literature on emerging organizations suggests that access to resources is an indicator—if not a determinant—of success (Baum & Silverman, 2004; MacMillan et al., 1985; Starr & MacMillan, 1990), especially in young hybrids (Lyons & Kickul, 2013). While there is some debate on endogeneity (i.e., whether these "winners" are selected or made (Baum & Silverman, 2004)), the fact is that SVCs review hundreds of investment proposals per year. This suggests that compared to any other actor, such firms have developed some expertise in understanding the factors affecting performance in holographic forms of hybridity, making their perspective intriguing and informative (for a parallel, see: MacMillan et al., 1985).

Moreover, we know that organizations are inspired by the forms which surround them, and that they selectively choose which forms to integrate and emulate according to their values (Perkmann et al., 2018). However, this does not explain why the hybridity of many social-commercial organizations—organizations that are likely to embrace both social and commercial values (Ashforth & Reingen, 2014)—experience mission-drift or hybridity collapse (Ebrahim et al., 2014; Tracey et al., 2011). We know that dual-identity organizations wish to incorporate elements of both identities and both sets of values into their organization, but we do not know exactly how a dual-identity organization may go about this in a way that sets itself up for sustained hybridity and long-term success. Given that SVCs build up extensive experience in venture evaluation and are incentivized to achieve both social and financial returns, we anticipate that their perspective can shed light on the identity configurations, which may be sustainable and productive.

Finally, the perspective of an SVC offers access to investment decisions regarding a large sample of early-stage social-commercial organizations, one with high levels of internal validity that prior literature has not yet had access to (Dacin et al., 2011). The larger sample, combined with the positive *and* negative outcomes (regarding the investment decision) allow us to reduce survivorship bias (Denrell, 2005), and use funding outcomes from this expert social investor as a simple proxy for performance vis-à-vis the new venture identity (Navis & Glynn, 2011; Ter Wal et al., 2016). To be clear, we still maintain an inductive interest in the SVC process; our interest in the larger sample in this study is not for purposes of hypothesis testing beyond the pseudo-replication methods undertaken in qualitative studies.

Additional details about Phase I of data analysis

We began by focusing on explicit and known frameworks in internal documents used by the Firm to describe and guide their own decision-making strategy internally, which we triangulated with fieldnotes and transcriptions from IC meetings. We created data displays depicting the general investment process, upon which we solicited feedback from the Firm (Miles & Huberman, 1994) and continued to update as new information arose.

In the second part of Phase I, we shifted our focus from the explicit frameworks to the implicit frameworks used by the Firm to assess investment proposals. Focusing on key archival documents pertaining to investment decisions, including the IC minutes, the Pre-IC poll, the venture database, and email correspondence, we sought to move past the Firm's *intended* strategies, as evidenced in their internal guidelines and public-facing events, and investigate their *emergent* decision policies—actual reasons explaining why the Firm continued to pursue or stopped pursuing different investment opportunities (Mintzberg & Waters, 1985; Petty & Gruber, 2011).

In this phase, we used an open coding protocol to label all data in these documents pertaining to an investment proposal (Corbin & Strauss, 2008; Gioia et al., 2013), using labels that were as close to the data as possible. This resulted in a set of labels referring to investment proposal statuses (whether or not the investments were under consideration by the fund), the types of behaviors, emotions, and reactions associated with the pending evaluation, and venture attributes, which were at times directly linked to a proposed evaluation action in an evaluation-action link (e.g., "Too early stage. Stay in touch."). Although numerous behaviors emerged, and the Firm used numerous terms to refer to investment outcomes, we still maintained a simplified framework in this phase of analysis, focusing on investment proposal attributes—viewing them as determinants of investment outcomes—and placing various investment outcomes under three large umbrella groups of "still under consideration," "no longer under consideration," and "invested."

In the second phase of Phase I, we enlisted the help of a second coder to increase trustworthiness in our coding. After empirical themes related to investment proposal attributes stabilized over several rounds of coding, and we began to organize these under sub-categories related to social-mission-related venture attributes (including hybridity-related attributes), commercial venture attributes, and investment-firm-specific preferences (see conceptual categories B, D, E and G, in our Figure 25 illustrating our Data Structure).

The second coder, who was briefed on the purpose of the study and given full access to the archival data (with the Firm's consent), was then brought in and asked to develop his own coding scheme for a sample of investment outcome-related data and venture-attribute-related data. We compared his coding to our own, discussing instances when different codes were proposed, or when the coding did not match our own. We then repeated the same exercise, coding separately and then coming together, until we had converged on a common codebook. We conducted a test on excerpts pertaining to 100 randomly selected ventures and venture outcomes and achieved a high level of interrater agreement at the category and sub-category levels (90.42% and 85.45% respectively). Having established confidence in the validity of our coding scheme we returned to the IC minutes, Pre-IC poll, venture database and email correspondence, coding investment proposal attributes and investment outcomes for 492 investment decisions.

Example of data displays created during Phase III of data analysis

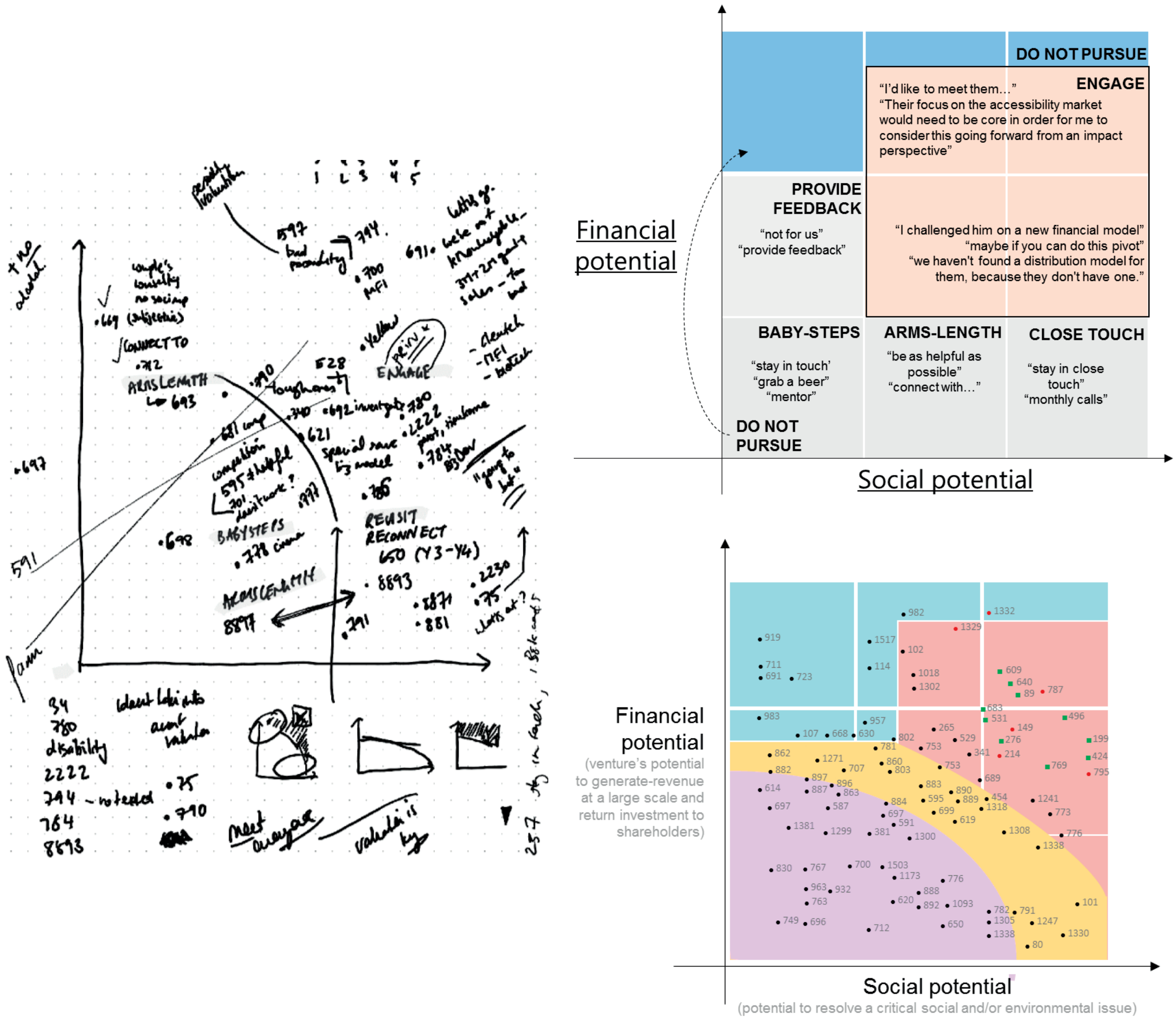


Figure 50: Example of data displays created during Phase III of data analysis (each number indicates a separate investment proposal)

Complete Excerpt of Interview with SVC4, Month 1 of Year 4

SVC4: *[…] sometimes I'll need to meet companies even [00:22:27] twice and then maybe that's a better way to do it is to actually go to the IC with conviction in what I'm saying as opposed to going to IC and going, here are some ideas when I could have more conviction.*

Researcher:	*Kind of you go to IC when you're not ...*
SVC4:	*I don't bring stuff to IC that I don't care about.*
Researcher:	*Mm-hmm (affirmative), but you can bring it in as a "no."*
SVC4:	*Well I'll bring it in as like, "Here's something I've seen." Like if I've had a meeting, like a meeting that I had this morning I'm not going to pitch for it.*
Researcher:	*Which one was this morning?*
SVC4:	*Deal 790 [00:23:04], it was sort of like, I had a meeting this morning and I'm not going to pitch it. I don't like it so I'm not doing more work but if someone else likes it that's fine. When I really like something I kind of give it the ability to present strongly at IC as opposed to ... just being some other one that I bat around and have no real basis of saying anything. Does that make sense?*
Researcher:	*You want to have an opinion.*
SVC4:	*Well I want to be able to answer questions because so often in IC we go back and ask more questions and we don't achieve anything. People lose conviction and stuff when you can't answer basic questions. You know, like [Dart] they came 2 weeks after I first met them. Everybody had, like… [then] in the third week we really discussed it.*
Researcher:	*Yeah, okay. Is 2 weeks a short amount of time?*
SVC4:	*I saw them 3 times in a 2 week, twice in that [00:24:08] timeframe really trying to understand what they were trying to achieve. Because key for me was are they really wanting to change women's lives or is it just the hook?*
Researcher:	*Could it be that you see the commercial opportunity needs to be strong enough and once it is strong enough it kind of intrigues you to also see can we make this also impactful?*
SVC4:	*No, so it's not [also 00:24:37] it's actually, is that actually your motivation for it. I need to like the commercial, I need to like that from the start but then… have you retrofitted this into this? I'll say stuff like, "Once you get upscale you'll stop doing that," to try and ...*
Researcher:	*Provoke.*
SVC4:	*Provoke them to either give me the answer they want to hear and when they say, "No," that's what I want. I don't want that, like I want this, that's a better answer. Because it's easy. If you want money, you're just going to agree with me.*
Researcher:	*Right.*
SVC4:	*If that's all you want is money you're going to agree with me.*
Researcher:	*They're going to ruin-*

SVC4: *Well, no, they'll just, if I say to them, "But that's not [very scalable right 00:25:15]. When you hit a few million pounds in revenue you'll bin that, right?". If you are purely interested in the funding you would agree with me on that point.*

Researcher: *Okay.*

SVC4: *You do.*

Researcher: *Okay, so they'll just start agreeing and then you'll be like, "Okay, no."*

SVC4: *Exactly, you're not motivated, whereas when they challenge you and they're like, "No, I don't think that's the case at all. That's core to what we do."*

Researcher: *Okay, so you have to be a little bit manipulative sometimes or stone-faced to kind of ...*

SVC4: *Yeah, well I mean it's like working out what people's true motivations are. The point is that if they are desperate for funding they will say anything to get it.*

Researcher: *Okay, so then you just ask it a hundred different ways to-*

SVC4: *Yeah, exactly. I'll say, "What is success for you?". That's one. Some [inaudible 00:25:59] but then some people, it's just a case of really figuring out what makes you make a decision. This is a critical decision for you is if, with me you're going to just say what I want to hear, [then] 3 or 4 years down the road if we invest with you your decision will be driven by [inaudible 00:26:21]-*

Researcher: *You won't be able to do anything because you guys will already have a stake in them [00:26:25].*

SVC4: *Exactly, exactly.*

Researcher: *Have you said no to people like that where it's-*

SVC4: *Yeah, so we've had, I'm trying to think back ... [inaudible 00:26:38] I'll see if I can dig up my notes, but yeah, it was someone who I thought was interesting and genuinely motivated by that. Then when I was like, "What's success for you?", they were like, "Oh, you know, do this and this and this.". Then I was like, "But, you know that's not very scalable," it's like, "No, you're right, that's not very scalable so we'll just have to," ... Then it's like if at this critical point you're so willing to say what I want you to say, then you don't have that much conviction in what you want to do.*

Researcher: *Is there any confusion sometimes because they think you're a hardcore investor and so they-*

SVC4: *Yeah, but they're going to encounter that in ... future.*

Researcher: *Oh, in future.*

SVC4: *Exactly, so they're going to encounter that so you need to understand their motivation from the start.*

I: Study 5 Appendix

Comments by respondents about their approach to decision-making

Respondent number	Type of firm	Remarks
Commercially-dominant		
123	Firm	*"If you're working at a fund, I feel like you have a responsibilities [sic] to the [fund's limited partners—the shareholders], if they haven't told you to be focusing on a cause, then it's not my role to, even if it's a cause I personally care about outside of work. Personally, I am cause driven, but beyond setting standards in day to day practice that's not something I think should come into the day to day decision-making."* (Respondent #123, with commercially-dominant mindset, Firm #7)
69	VC Firm	*"The cause is not important, however, if the company, in addition to their revenue-generating activity allocates resources to any social cause – personally, I lead the Women in Fintech group and lead gender diversity – but for me, when I evaluate the venture, [a cause] is an add-on. This is a nice-to-have, but it would never play a role in the decision of whether to invest or not. In that sense, the interdependence [of the revenue model and cause-related activity]… I don't want to see that the revenue success is linked to a cause – I want them to be completely independent*" (Respondent #69, with commercially-dominant mindset, VC Firm #39).
Socially-dominant		
40	Investment Boutique	"*I have no time to waste on ventures that do not target the causes in which I am engaged in. I focus [first] on the [venture's targeted] cause and on the cause-related experience of the founders*" (Respondent #40, with socially-dominant mindset, Investment Boutique #22).
31	VC Firm	"*Basically, we're looking for businesses who have strong interdependencies, what we call 'inherent impact' The social success is tied to success of their product, addressing big causes or several big causes together (like the United Nations Sustainable Development Goals)*" (Respondent #31, with socially-dominant mindset, VC Firm #16).
52	Micro VC	*"Instead of putting strongly disagree on 'it is important for me to advance my career in the business world' I only put 'disagree' because I* somewhat *care about it—it's a lever that helps me to achieve societal impact goals"* (Respondent #52, with socially-dominant mindset, Micro VC #31)
2	Holding Company	"*No [I do not invest to become rich], this is definitely a loss-making business. [...] Oh, it is… Anyone who does venture capital, who expects to make money is… is… is… doing the wrong thing. Especially in impact investment*" (Respondent #2, with socially-dominant mindset, Holding Company #1).
59	Not-for-profit	"*10% of our funding does not allow any financial return [grants], 40% of our funding seeks societal return and accepts financial return, while 50 percent, as sad as it is, is dedicated to projects which pursue financial and societal returns on equal footing*" (Respondent #59, with socially-dominant mindset, Not-for-profit #5)
136	VC Firm	*"If the [social] impact-related characteristics are high, I'd still be willing to look at a high-valuation startup. If the impact is low, but the valuation is high, I probably would not be willing to explore that further... unless the team was very strong. Then, clearly, high impact and low valuation is a conversation I'd like to keep going"* (Respondent #136, VC Firm #42).
General hybrid		
2	Holding Company	"*I would disagree with [the statement that revenue-generating activities should have no effect on progress towards a cause]. I think it is helpful to have revenue-generating activities promote progress towards a cause"* (Respondent #2, with hybrid mindset, Holding Company #1).
65	VC Firm	*"The one thing that we're really focused on is that interdependence between the revenue generating activity and impact. We'll never do a TOM's-like model where it's a post-revenue-*

		generating activity. We're really focused on the sustainability of impact through the commercial viability of the business" (Respondent #65, with hybrid dominant mindset, VC Firm #36)
160	Not-for-profit	*"Interdependence was very important to me - I have something personally against impact that is 'artificially' created. So, being able to structure a company that has good correlation with business impact is very important. […] By artificially created, I mean - it is not a strong company. If you sell a product [with the promise that you'll] donate breakfast to kids in Cambodia - for [every] 1 dollar of this [product's revenue] - if management changes and is not a fan of this anymore they can easily drop it. So, by this I mean the impact is 'artificial' because it is not being created by the product or service being sold. Also, on the flip side, if the product becomes so popular that no one looks at the donation portion anymore, the company may also feel comfortable with dropping this impact portion"* (Respondent #160, with hybrid mindset, Not-for-profit #12)
138	VC Firm	*"I want to be financially successful – earn fair pay, etc., but I don't want to get rich for myself. I don't have a problem being rich but for me, it's about being an example of a successful woman in business. [And showing others that] backing women in venture [has made] me successful."* (Respondent #138, VC Firm #72).

Table 44: Comments by respondents about their approach to decision-making