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Author(s)	Kato, Tomoe
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## **Hybridity as a phenomenon-from the analysis of practitioners' linguistic data-**

Tomoe Katoh

*Graduate school of Public Policy, Hokkaido University, Hokkaido, Japan*

[t.katoh@hops.hokudai.ac.jp](mailto:t.katoh@hops.hokudai.ac.jp)

[ideaidealizez@idealizez.tank.jp](mailto:ideaidealizez@idealizez.tank.jp)

[pianopnoto@me.com](mailto:pianopnoto@me.com)

### **Abstract**

Hybridity explores the policymaking system with another logic, business or civil society, and the community endorses the proceedings. Japanese community-based corporations (CBCs) /cooperative corporations (CBCCs) develop business models that meet the multiple needs of various sectors. They have supported economies by providing products with reliable and manageable supply chains to ensure the sustainability of their operations. The Green Fund Group has implemented 31 wind power projects with NPO's for-profit management system. Its success factors include a business model for social change, a management system combining non-profit and for-profit activities, the integrated function of policymaking and business, and the trust-building mechanism of complex social activity and business. This research illustrates the experiences of hybrid organisations with proven track records that adapt to social contexts and multiple layers and operate across institutions. It aims to conceptualise the system of hybridity as a phenomenon, analysing management systems and mechanisms from linguistic data accumulated by Japanese hybrid organisations' practitioners in 2016-2021.

The first analysis categorises the practitioners' linguistic data into three codes with different levels of abstraction: words describing individuals, concepts describing the organisation, and meanings in the context of the practitioners' words and actions. The second analysis modularises the behavioural context expressed in the first analysis and describes the phenomena caused by the practitioner's behaviour and the organisation's activities. Finally, hybrid organisations' management structures and mechanisms are conceptualised by illustrating the relationships between those phenomena. We conducted the first-stage face-to-face interviews, asking about practitioners' perceptions of and engagement with their organisations. To validate the results of the first interview, we assessed their projects through the program evaluation and conducted the second-stage interviews. To validate the second-stage interview results, we conducted the third-stage interviews to ask in-depth questions about the characteristics of the group organisation and interpret the meaning of the practitioners' words. As a result of the first analysis, two behavioural contexts emerged for practitioners: social mission transmission and new economic system creation.

Furthermore, "Nine Methods for Improving Society" were derived. The second analysis revealed two phenomena: mechanisms for transmitting social missions and mechanisms for creating new regional economic systems. Practitioners' values are linked to the social mission of the group. They recognise existing social challenges, develop projects aligned with communities' wills, and communicate their social mission to organisations and communities using methods that improve society while embedding new economic forms within the existing system.

Hybridity forms a mechanism for sharing a social mission with the community, encouraging people to define that social mission and create new businesses themselves. Their management systems and networks are tools to open collaboration platforms. Here, practice and theory, experts and people, and present and future work together without conflict. Despite its presence, hybridity is a phenomenon revealed by linguistic data analysis that is unrecognised due to the absence of precise definitions. Hybridity's management system, development processes and approaches provide a futuristic management strategy model for emerging hybrids.

### **Keywords:**

Hybrid organisations, community-based corporations (CBCs), cooperative corporations (CBCCs), linguistic data analysis, hybridity,

# 1 Introduction

## *1.1 Significance of addressing the structure and mechanisms of hybrid organisations*

Today, we are facing a pandemic crisis (COVID-19), in addition to widespread complex natural disasters. To create stable and prosperous communities in the future, we need industries and organisations that manage such crises and support community livelihoods. While national and municipal industrial promotion policies and measures to attract private corporation involvement can be effective, another option is to foster hybrid organisations that combine the roles of the public, private, and social sectors to create new industries.

Domestically, the reality of conceptually contradictory hybrid organisations is not yet apparent. That is, for-profit corporations that retain the characteristics of non-profit organisations (NPOs) that contribute to the regional community overcome various institutional challenges faced by NPOs (e.g., weak business sustainability) and pursue areas not covered by for-profit forms of management (e.g., the pursuit of long-term profits and community contribution).

This study aims to illustrate the concept of hybrid organisations by drawing out their structure and mechanisms of operation, focusing on a pioneering case study in terms of its organisational structure and the phenomena generated by its community practices: that of the Green Fund Group.

The Green Fund Group conducts advocacy, energy business, and public awareness activities, promoting 31 wind power projects, including a community wind farm in Ishikari City, Hokkaido, Japan. The Green Fund Group is a community-based corporation (CBC) as embodied by its design and implementation of a business model that is responsive to complex public, private, and social needs, integrating their outcomes in the medium and long term (Kato, 2021a). How do hybrid organisations with these functions arise and grow? To elucidate its mechanisms, two primary methods are employed in the context of international hybridity

research. The first is analysing institutional areas and sectors at the boundaries of public policy, private sector efforts, and citizen activities. The second is illustrating the specific experiences of hybrid organisations with a proven track record, over time, adapting to social contexts and multiple social layers and operating across institutions (Johanson and Vakkuri, 2017; Vakkuri and Johanson 2021; Johanson and Vakkuri 2021).

Corresponding to the first method of analysis, the success factors for CBCs have been previously identified as follows: (1) a business model of social change (Katoh, 2017a); (2) a management system that combines non-profit activities and for-profit business (Katoh, 2018); (3) an integrated function between policy and business (Katoh, 2021a); and (4) networks across sectors (Katoh, 2022). In this study, the structure of CBCs (hybrid organisations) and the mechanism of the phenomenon (hybridity) are clarified by integrating the analytical data. Based on interviews with relevant practitioners, a linguistic analysis was conducted to unravel the meaning of their words. Thus, this study falls under the latter methodology of illustrating the specific experiences of hybrid organisations. This paper is organised as follows. Section 1 describes the research questions and methodology. Section 2 describes the context within which the CBC practitioners exist. Section 3 presents the structure and mechanism of the hybrid organisation and its related phenomenon. Finally, Section 4 concludes and discusses the consequences and limitations of the approach to unravelling this phenomenon.

## ***1.2 Research questions and methods***

### ***1.2.1 Research object***

The object of this research is the Green Fund Group, a Japanese CBC, or hybrid organisation, whose central entity is the NPO 'Hokkaido Green Fund'. The Hokkaido Green Fund is a project-based NPO, established in Sapporo in Hokkaido, Japan, in 1999, which implemented a citizen-

led power generation project. In the course of doing so, the Community Wind Power Co. (CWP) and Japan Green Fund Co. (JGF) were established. The Green Fund consists of five phases: (1) NPO start-up phase, (2) private sector start-up phase, (3) expansion phase to other regions, (4) expansion phase to power generation projects outside wind power, and (5) scale-up phase to medium-scale power generation projects. The group developed its current form in five phases, while strengthening its management capabilities.

The Green Fund has successfully overcome the obstacles encountered by other NPOs. Together with the two partner corporations, it pioneered the renewable energy market while simultaneously opening the door to electricity system reform through its policy advocacy work and returning profits from the power generation business to community-building projects. The Green Fund and affiliated CWP and JGF are collectively referred to as the Green Fund Group, which embodies an organisation with a new type of management system. This new management system overcomes the challenges that NPOs, for-profit organisations, and cooperatives cannot overcome alone. In doing so, the Green Fund Group has successfully and sustainably engaged in community-building projects, thus successfully and sustainably progressing toward solving the challenges presented on a global scale.

While most domestic NPOs focus on single-year activities (outputs) through philanthropic projects, the Green Fund Group focuses on realising future impact. To this end, it utilises market mechanisms to obtain funds, balancing social contributions with economic profit and sustainable organisational management. General NPOs are typically funded by individual donations, foundation grants, or corporate social responsibility (CSR) projects; however, the Green Fund Group established its own funding corporation to raise funds. They also work with private financial institutions to pursue new types of fund formation or support the establishment of such foundations in the region. Moreover, while existing NPOs mainly support individuals

and non-profit organisations, the Green Fund Group supports NPOs, new businesses, cooperatives, and local authorities. Thus, small- and medium-sized businesses can now enter the renewable energy business sector, which was difficult before the establishment of the Green Fund. They have grasped the risks and consumption behaviour of renewable energy projects, drew up business plans for them, and, where necessary, set up funds by connecting local energy policymakers with businesses and investors, launching power generation and sales projects and making a profit. In other words, they have developed a renewable energy market. The results can be seen in the annual reports of the JGF and the financial results of the CWP.

### *1.2.2 Research methodology*

The structure and mechanism of CBCs are analysed in two stages, using the linguistic data accumulated from interviews with CBC practitioners between 2014 and 2021. The interview survey data were obtained from a series of 23 interviews, totalling approximately 70 hours, conducted in three stages with seven practitioners and various people from the relevant organisations. In the first stage of analysis, the community-based cooperative corporation (CBCC) and CBC practitioners' linguistic data was classified into three codes with different levels of abstraction: 1) words describing individuals (words); 2) concepts describing the organisation (property); and 3) the meaning of words (dimension) to describe the context of practitioners' behaviour. In a secondary analysis, the behavioural contexts expressed from the primary analysis were modularised to describe the phenomena caused by the practitioners' behaviour and the organisation's activities. Finally, by depicting the relationships between these phenomena, the structure and mechanism of the hybrid organisation are conceptualised.

The first stage of interviews was conducted face-to-face, asking questions about practitioners' perceptions of and engagement with their organisations. We verified these results by conducting a programme evaluation of the Hokkaido Green Fund's renewable energy projects (see Katoh 2017). A second stage of interviews was conducted to verify the results of

this evaluation. Furthermore, to validate the results of the second-stage interviews, a third stage of interviews was conducted to ask in-depth questions about the Group's characteristics and to interpret the meaning of the practitioners' words. The analysis in this study was based primarily on data from the third-stage interviews. The survey methodology described above had two characteristics. First, it was conducted within a context where the survey targets were comfortable. It approached the real-life social issues and phenomena behind their answers, their methods for overcoming challenges, their values, sense of mission, and image of the future world. Second, practitioners and analysts could compare the answers from each stage with those of other practitioners and analyse and interpret the meaning in each case. In this study, the words extracted after analysis are referred to as 'discourse' to distinguish them from the raw word data (Figure 1).

[Insert Figure 1 near here]

## **2. Context of the practitioners' behaviour**

### ***2.1 Practitioner behaviour as seen through code classification***

#### ***2.1.1 Context***

The linguistic data extracted from the practitioners' interviews were classified under three codes with different levels of abstraction: words describing personality, those describing the organisation (property), and the meaning of the words (dimension). The described context (see Figure 2), personal beliefs and efforts to create the society they aspire to, and organisation activities and projects were combined. There were no boundaries between individuals and organisations, and the spheres they worked in were not separated by sector. Practitioners acted to merge the elements of each sector while understanding each's principles.

### *2.1.2 Conceptual context inherent in practitioners' actions*

To find the conceptual context inherent in the practitioners' behaviour, the words that emerged from the hierarchical cluster analysis of the linguistic data regarding the meaning of the practitioners' words can be divided into three groups.

Group 1 is the 'social mission group'. The concept of the 'social mission – realisation of a sustainable renewable energy society' is embedded in the practitioners' consciousness, and the shape of the cluster indicates that the elements necessary to achieve this social mission is a layered process (i.e., citizen-led wind power and fundraising, financial management, corporate management system, problem-solving, roles, functions, cooperation with cooperatives, Seikatsu clubs, and establishment of a corporation rooted in the community). Group 2 is the 'regional economy group'. The concept of 'regional economy' is also embedded in the practitioners' consciousness, and the shape of the cluster can be read as a process of changing the system of finance and electricity generation and supply through market mechanisms – building on trust–in the process of promoting the corporation's activities. Group 3 is the 'Community Group'. When the clustering of Group 1 ('social mission') is progressing and the management system variation is increasing, both Groups 1 and 2 are integrated. The integration of Groups 1 and 2 represents the organisation of Green Fund Group. Group 3 represents the development of a citizen-based wind energy business model in different regions, with the addition of municipalities and other non-profit organisations at the stage of integrating Groups 1 and 2. Thus, the shape of the clusters in Group 3 suggests that the benefits of the power generation projects are returned to the communities through the practitioners' actions (e.g., promote, continue, communicate, and practice) (Figure 2).

[Figure 2 near here]



### *2.1.3 Practitioners' word cluster language system*

An analysis of the system of word clusters within the three groups in the previous analysis, and the engagement between the clusters, reveals a linguistic system that represents the group organisation of the following relationships.

All the words in the 'social mission' group are nouns (e.g., social mission: noun + management system: noun). Thus, they are a set of compound nouns that define 'what the Green Fund's business is'.

The words in the 'regional economy' group are a subject-predicate combination (e.g., regional economy: noun + verb: innovate, use). Thus, they describe 'what the Green Fund Group does'. The structure of the social mission group and the regional economy group is such that a compound noun combining "social mission" and "management system" is associated with the regional economy group (regional economy: noun + communicate, move: predicate). Furthermore, the "community" group is associated with the group (compound noun) formed by the combination of these two groups (Figure 3).

This analysis demonstrates that the practitioners defined the shared concepts (social mission) necessary for their practice and absorbed them as knowledge into their thinking, behaviour, and daily life during the period from the founding of the NPO to the founding of the corporation (the formation period of the hybrid organisation). They developed their management system while considering its social mission and blended these concepts into the management principles of both corporations. Thereafter, during the development phase, they developed a civic wind power model in the community, creating a regional economy.

[Figure 3 near here]

The above analysis clearly shows that the two concepts inherent in the practitioners' actions ('social mission' and regional economy') may have been the starting point for the Green Fund Group, which became a hybrid organisation to manifest the phenomenon of

‘social mission transmission’ and ‘new economic system creation’ in promoting citizen-led wind power projects in the community. Through the operations of the practitioners, the phenomena of ‘social mission transmission’ and ‘new economic system creation’ may have emerged.

[Figure 4 near here]

#### *2.1.4 Nine methods for improving society.*

If hybrid organisations are causing the phenomenon of ‘social mission transmission’ in the community, followed by ‘new economic system creation’, how are they causing it? Reading linguistic data focusing on how practitioners have struggled and overcome the challenges they faced at their location, it was found that the context of action expressed in the primary analysis contains the methods for creating the society they aspire to. The methods for improving society expressed in the discourses of the respective practitioners will be referred to as such.

The knowledge and methodologies (tacit knowledge) inherent in the practitioners’ daily words and deeds comprise the ‘nine methods for improving society’ (Figure 5); thus, their social significance and value are less socially recognised, but they articulate the business strategies of hybrid organisations. In a context where the public and private sectors overlap, when hybrid organisations implement their non-profit (social services) and for-profit (goods and products) businesses in an integrated manner (utilising the ‘nine methods’), the social mission is transmitted, and the new economic system appears to emerge. These underlying mechanisms are investigated in the following section.

[Figure 5 near here]

### *2.2 The phenomena as seen from modularisation.*

In this section, we examine two concepts that describe the phenomena of ‘social mission transmission’ and ‘new economic system creation’. First, the context of the ‘social mission of

the practitioner and the organisation’, which emerged from coding the practitioner’s data with the phrase ‘a social mission’, was described for each practitioner (Modularisation 1). Second, the context of ‘organisation (CBCs/CBCCs) and new economic system creation’, which emerged from coding the practitioners’ data with the phrase ‘regional economy’, was described for each practitioner (Modularisation 2). From Modularisation 1, we found the context in which the social mission of the individual led to the organisation’s social mission. From Modularisation 2, we found contexts in which the organisation’s social mission led to creating a new economic system in the community.

### *2.2.1 Practitioners and social mission transmission*

The description of the context of ‘communicating the social mission’ for each practitioner shows that each understands the business strategy by reconciling their individual life perspective and that of the organisation’s social mission within the individual, and communicating the social mission to people and organisations through their daily duties.

Communication of the social mission of the Green Fund Group occurred at three levels: to people, to the organisation, and to the community. Within the practitioners is a determination to create an autonomous community by promoting community-based wind power projects. They have memories of the experience of putting up the wind turbines one-by-one and realising their wishes together. These memories seem to drive their unwavering determination. The social mission they embrace contains universal principles that support this determination – cooperatives, civil society, citizen autonomy, alternative society, etc.–and they exchange these principles in practice. The experience of giving physical form to their ideas is accompanied by enjoyment and joy and transmitted through a relationship of trust. This is the first level of ‘transmission to people’.

The social mission and management philosophy are confirmed and unchanged when establishing an independent corporation, or at the time of collaboration or partnership, but are

also strengthened in proportion to the diversification of stakeholders and the growth in capital strength. They communicate their social mission, philosophy, and methodology to outside organisations in the context of daily trust training, and in the methods of communicating to internal people and organisations. This is the second level of ‘transmission to the organisation’.

The social mission is also communicated – together with the people’s voices – to the community through visions and plans, and through the policy advocacy activities of the regional cohort and their participation in developing such regional energy visions and plans. In building consensus with community residents, practitioners also build trust, seek out ideas they can understand and link these to their social mission, communicating them to people, organisations, and communities. If a renewable energy project is initiated in the community, the ideas become visible in providing power generation services (products). This is the third level of ‘communication to the community’. CBCs/CBCCs communicate their social mission to people, organisations, and communities, thus shape the community’s will.

The transmission mechanism of CBCs/CBCCs’ social mission is formed in three stages. First, CBCs/CBCCs interact with the general public (NPOs) and consumers (corporations), with the former providing social services and the latter providing products. Those who agree with the activities of the CBCs/CBCCs become members of the NPO, while those who agree with the aims of the business become investors and shareholders. Second, CBCs/CBCCs communicate their social mission to their followers – both the supporters of its social activities and the customer base of its commercial business, through the ‘methods for improving society’ (i.e., designing social innovation model, forming collaborative networks: see figure 5) organisational forms, methodologies, people and organisations, networks of cooperativity, etc.). Third, CBCs/CBCCs form and operate a platform for structuring renewable energy projects that bridge the public and private spheres (Kato, 2022). Using this platform, participating endorsers and customers also engage in dialogue across sectors, and new projects are created through the

intersection of practical and professional knowledge. In this sphere, differences in participants' attributes (e.g., non- and for-profit, public and private sector, NPOs, corporations and cooperatives, experts and practitioners, elites and non-elites, etc.) do not matter.

### *2.2.2 The new economic system created by CBCs/CBCCs.*

In describing the phenomenon of CBCs/CBCCs creating a new regional economic system, the practitioners captured the 'new regional economic system' created by power generation projects assembled from local resources. The mechanism of CBCs/CBCCs creating and embedding new forms of economy within communities is derived in three ways. First, the CBCs/CBCCs propose a 'local economic form' in which the revenues from the energy project are returned to the community when starting a citizen- or community-based wind power project in each community. The energy corporations and NPOs in each region then recognise the concept of the 'new economic form' and exchange this concept among the parties involved. The decision to begin the project is made through a series of consensus meetings, in which the community defines the ownership of resources, such as solar, wind, water, and heat, and local citizens open the business end by financing the initial costs themselves. Thus, citizen- and community-based energy projects are assembled. While the system can be managed with fewer people, it can also increase the number of people working by establishing a new business entity. Green Fund Akita's 'self-sufficiency zone' concept and Iida City's renewable energy project (Katoh, 2021a), linked to an ordinance stipulating local environmental rights, are two such examples. Second, CBCs/CBCCs support the financing of local corporations and NPOs. The invention of the citizen-funded model symbolises the social change and civic nature of the Green Fund Group.

Third, when increasing the number of community partners, CBCs/CBCCs select those who can achieve the social mission of the group together and implement projects that align with the will of the community (as defined together with the people) spanning 20 years. In other words, CBCs/CBCCs create a new economic system that integrates the will of the community,

now and in the future. The CBCs/CBCCs create a management entity in which the community owns, manages, and operates the region's natural resources and conducts these operations. The generated profits are then invested in the community's future.

In this way, CBCs/CBCCs (1) define a 'new economic system' in the community based on the resource management specific to each region and build consensus on the concept, (2) help finance the operations themselves, and (3) invest the profits generated in the future of the community, using the nine methods for improving society, embedding a new system of local economies within the existing system (a mechanism for creating new local economies). Practitioners play a role in embedding the concept of the 'new economy' within the existing system by recognising and funding the concept within existing social structures and by developing businesses that are consistent with long-term community intentions. When an economic system in which business profits are returned to the community is embedded, the community can choose and decide where to invest these profits (Katoh, 2017b).

### **3. Structure and mechanism of hybridity**

#### ***3.1 Structure of hybrid organisations***

In this section the events identified in the first and second analyses describing the process of creating hybrid organisations is integrated, and the structure of the hybrid organisation is described thereafter.

##### ***3.1.1 Creation process and approach***

Hybrid organisations are created through a three-stage process. First, an NPO with a social mission designs a business system to realise the social mission. At this stage, the NPO's non-profit practices are the core business. Second, a corporation is established to take charge of the revenue-generating business and funding, and to form a partnership to commercialise the business. At this stage, a business model is established and funding is acquired. Individual

businesses are then promoted and new markets are developed. Third, a business entity with a new management system – combining an NPO and a corporation – is developed in various regions working with the community. At this stage, the business philosophy is communicated to the region where the project is implemented, and as the scale of the project expands and the number of participating entities increases, the market widens and technological innovation is achieved.

In the first stage, the NPO takes the lead from establishing the idea to implementing the non-profit activity. In the second stage, the corporation takes the lead from non-profit activities to commercialisation. When developing the business, a funding company or foundation is set up to invest in new industries in the region. In the third stage, business entities with new management systems that integrate with the region create new industrial forms on a regional basis. Suppose that the business model of the region-integrated enterprise in the third stage spreads to other regions in a self-sustaining and developmental manner, and the investment market grows further. In that case, the fourth stage is reached, in which a mechanism is created on a regional basis to prevent the management problem of today's corporations: 'divergence from the business philosophy'. This growth process is depicted when practitioners' words are collated and organised chronologically, and a case analysis of the 'management of corporations combined with NPOs' (Kato, 2017b) is added.

Hybrid organisations can improve communities at each stage of the creation process using the following approaches. In the first stage, an organisation combining an NPO and a for-profit enterprise (or an NPO, a for-profit enterprise, and a cooperative) is established with the agreement of the community members and begins operation. In the second stage, business profits are returned to the community, and the organisation's social mission and business results are harmonised with the community's will. In the third stage, an environment (ecosystem) is formed in which residents learn and commercialise the principles (professional knowledge) and

technologies (practical knowledge) on which the social mission of the organisation relies. In the fourth stage, where subsequent hybrid organisations are born in each region, new businesses are developed in their regions. Adding businesses to hybridity expands the area of the new sustainable economic system embedded in the existing structure.

[Figure 6 near here]

### *3.1.2 Structure of hybrid organisations*

Hybrid organisations are open-networked organisations that integrate NPOs, for-profit corporations, and cooperatives, and therefore have the functions of these management systems. They use the knowledge and skills gathered to increase the potential of people and organisations in the community and develop them to contribute to the good of the community. The individual management entities developed are linked to the network and proceed with their businesses in each region, eventually creating an organic network system that improves society (Figure 6).

The hybridity system created in a community through the operation of a hybrid organisation does not direct the entire system. Instead, an idea connects people, organisations, and communities. Ideas include the principles of ‘sustainability’ and ‘cooperatives’ and the principles of ‘market mechanisms’, conceived over a long period and spatial extent. These principles, in combination with concrete methods, create order and simultaneously act as engines to break out of unsustainable phases.

### *3.2 Mechanisms of the phenomena initiated by hybrid organisations*

This section presents the mechanisms of the phenomena initiated by hybrid organisations in communities.

When a hybrid organisation begins operation, its network of hybrid organisations becomes a circuit through which the social mission is transmitted, providing people with the knowledge and skills they need to become proactive practitioners, and providing organisations



with the knowledge and skills they need to become organisations that contribute to the interests of the community through practitioners. Thus, the people and organisations nurtured in each locality shape the community, utilising both the existing system and the new embedded forms of the economy, such that a sustainable community replaces the existing one without undue difficulty. As a result, the smaller phenomenon of ‘approaching sustainable societies’ grows to an appropriate size, with complex functions, as the scale of operations expands and transfers to other regions. Eventually, a network of autonomous and equal relationships is formed between organisations of various sizes that exist in different regions, each with its own management system. They form a system, similar to an organism, even if no one governs or manages the whole phenomenon. The words of practitioners and the results of the analysis of ‘trust-building mechanisms’ (Kato, 2022) demonstrate these phenomena. We refer to the organic system created by hybrid organisations’ business development, as ‘hybridity’. As a phenomenon, hybridity is formed as a consequence of hybrid organisations’ approach to developing the community’s business by acquiring in the founding process the logic and business management mechanisms specific to each of the various organisational forms and flexibly utilising them. The hybridity mechanism is made explicit by the three contexts in which hybrid organisations are generated.

First, hybrid organisations implement community-building projects that are supported by universal principles (e.g., sustainability, cooperatives) and capital principles (e.g., market mechanisms), providing a basis for explaining new projects to community members who are both sympathetic and critical of it. The social mission and principles are also the basis for the project’s argumentation. Not only are they embedded in the founding management principles and declared to society but are also exchanged in the practitioners’ daily practices and delivered to those involved in the collaborative projects process. Awards from international organisations and networking with institutions attract sympathetic people and organisations through

information sharing, providing a path to solving the issues being tackled.

Second, when hybrid organisations create new management systems, collaborate with other organisations or combine with collaborative business entities, they confirm their social mission (and the principles that comprise it) and weave it into each organisation's business. This process articulates the 'mixing and compromising' function of the value creation approach (mixing, compromising, and legitimising) presented in hybridity research (Katoh, 2022). Third, in order to overcome the difficulties faced by the organisation, the hybrid organisation takes the necessary principles and methodologies of the phase and instils them, with adjustments, to fit in with the organisation, creating new management systems and new businesses (the formation mechanism of hybridity).

Thus, when the initial NPO faces challenges that are difficult to solve solely by an NPO in the process of pursuing social innovation on a practical basis (e.g., the unsustainability of the business and lack of expertise), it inputs market mechanism principles to overcome these challenges and creates an organisational form that integrates both. New organisational forms are formed to create new businesses with market mechanism principles and methodologies when faced with challenges that are difficult to solve by hybrid organisations alone (e.g., small business scale, high business costs, unstable supply chain). Hybrid organisations in which NPOs, corporations, and cooperatives are integrated are formed by inputting the theory and methodology of cooperatives and creating new businesses. For issues that need to be resolved (environmental conservation, expansion to other regions, local consensus building, generation gap, etc.), a management system that suits the management resources of each community is selected, and a hybrid organisation is formed that is unique to the region. Thus, the process is repeated (mechanism of hybrid formation as a phenomenon): (1) practical challenges → (2) input of new principles and methodologies → (3) creation of new hybrid management systems

and businesses → (4) development of new businesses → overcoming challenges (Figure 7).

Hence, by using universal principles and methodologies to form new management systems and their management strategies which act as leverage, hybrid organisations avoid the state of stagnation that organisations stuck within a particular sector fall into, moving to the front line area of dealing with unknown latest realities. The process by which these hybrid organisations develop their social activities at a slower pace manifests the ‘compromise and legitimisation’ function (Katoh, 2022) of the aforementioned value-creating approaches. Several hybrid organisations are creating new projects that incorporate principles and methodologies, such as investing in people, investing in the future of communities, and strengthening natural capital to overcome today’s challenges (Osaki, 2011, Katoh, 2022).

[Figure 7 near here]

#### **4. Conclusion**

This study used interview data from hybrid organisation practitioners to elucidate hybrid organisations’ structure and the hybridity mechanisms. Hybrid organisation practitioners recognise their life perspectives and the social mission of their group through the way they cohesively and sustainably improve the unsustainable elements of existing social structures. They do so by developing businesses (using specific methods for improving society) that are consistent with the long-term intentions of the community, and communicate their vision and plans to the regional people, organisations, and communities, embedding new economic forms within the existing economic system. This phenomenon is identified in both analyses in this study by describing two contexts of practitioner actions (communicating a social mission and creating a new economy) and the ‘nine methods for improving society’. Moreover, two phenomena are presented. These results are then clarified by describing two phenomena: 1) the transmission mechanism of a social mission and 2) new economic system creation). In describing the phenomena, the process and approach of creating hybrid organisations were

derived and clarified by drawing a structural diagram of hybrid organisations and conceptualising the mechanisms of the phenomena created by them.

Therefore, the hybrid organisation structure and the mechanisms of the phenomena provide a model for the future management strategies of hybrid organisations that seek to launch new hybridity management systems and impact industry creation and community formation.

### ***Consequences and limitations***

This study followed a process of verbalising practical knowledge (document), systematising it through case analysis (analysis), extracting its meaning (implication) and methods (methods) for improving society (method), and presenting a concept (conception). The researcher described the practitioner's words and conducted case analyses to verify their descriptions. While the original research plan was to end there, through the writing and meaning interpretation of the words, essential aspects – ideas, phenomena, and possibilities – were left out because the practitioners did not speak directly or because they spoke in abstract terms.

However, the practitioners' words encompassed all the stated ideas, strategies, approaches, and methods for improving society. They included a social mission, business model, corporate management system, messages to society, and new organisational concepts.

By assembling the discourses and interpreting the meanings of the practitioners' words and the Green Fund Group's management system, it was possible to notice a 'trust-building mechanism' through communication with society and to identify the phenomenon of sustainable community formation. The essence of these findings lies in what ordinary people discuss daily in their communities, which cannot be understood using open data or quantitative analysis. Therefore, this study depicts this 'phenomenon' by describing the context found by coding linguistic data with multiple words of different levels of abstraction, and by describing the deep context identified through modularising the essential words that appear.

This research approach may be suitable for elucidating a phenomenon that exists in society but is not recognised because it does not appear in open data and, thus has not been conceptualised or defined. However, this study only describes one aspect of the hybridity formation process. To paint a complete picture, the context must be described from multiple perspectives. The management systems of hybrid organisations, constituting hybridity, are diverse, and their boundaries are variable. Hybrid organisations use the flexibility and multifunctionality provided by their management systems to sustain their operations until their social mission is achieved. Thus, to what extent can the management strategies of hybrid organisations adapt to the challenges they face, and from where can they not? It is necessary to clarify the characteristics and conditions of the hybridity development process and to identify the situations in which it fails to adapt and, thus, the causes of its decline. This theme should be the subject of subsequent research projects.

## **Appendix**

### **1. Interviewees**

- Mr. Toru Suzuki, CEO of the Hokkaido Green Fund and Community Wind Power Co.
- Ms. Yumi Kobayashi, Hokkaido Green Fund's secretariat.
- Mr. Akihiro Hanzawa, CEO of Green Fund Akita.  
<https://www.cwp-wind.jp/tsunagaru/vol05/>
- Mr. Hideki Kato, Japan Green Fund's director.
- Mr. Hideki Matsuura, Wind Power Engineer of Community Wind Power Co.
- Ms. Shinobu Takimoto, officer of Community Wind Power Co.
- Ms. Minako Harata, business development officer of Community Wind Power Co.  
<https://www.cwp-wind.jp/tsunagaru/vol03/>

### **2. Method**

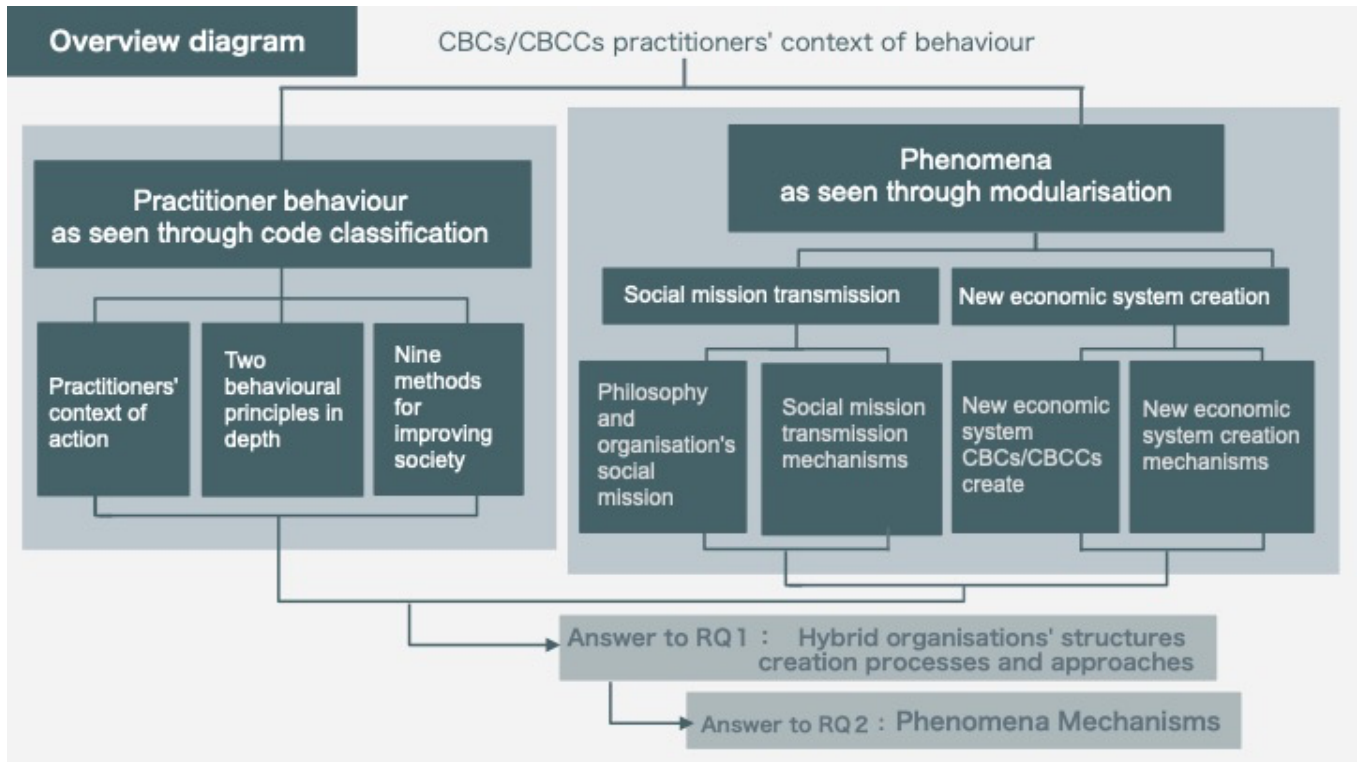
- Linguistic data analysis and coding using 'Nvino', a qualitative research analysis.
- Hierarchical cluster analysis of Japanese language systems using 'User Local', text mining to analysis.

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## Figures



### Approach to concept derivation

Survey title	Approach	Contents	Implication/Model
Interviews in the first phases	Face-to-face questionnaire	Questioned how practitioners relate to the organisation	CBCs are NPOs with a model for social change
Assessment of renewable energy projects	Program evaluation	Examined the relationship between objectives and strategies, accomplishment and justification	CBCs transform the infrastructure of daily life into the future. Their conditions for success are management system and network-forming function.
Interviews in the second phases	Semi-structured interviews	Questioned the sustainability of the project (36 items) , management system (28 items) , and collaborative networking function (32 items)	New management model Community-based corporation (Japanese hybrid organisation)
Interviews in the third phases	Non-structured interviews	Questioned in-depth the characteristics of the group and interpreted their implications	Value creation approach of hybrid organisation

Figure 1: Approach to concept derivation



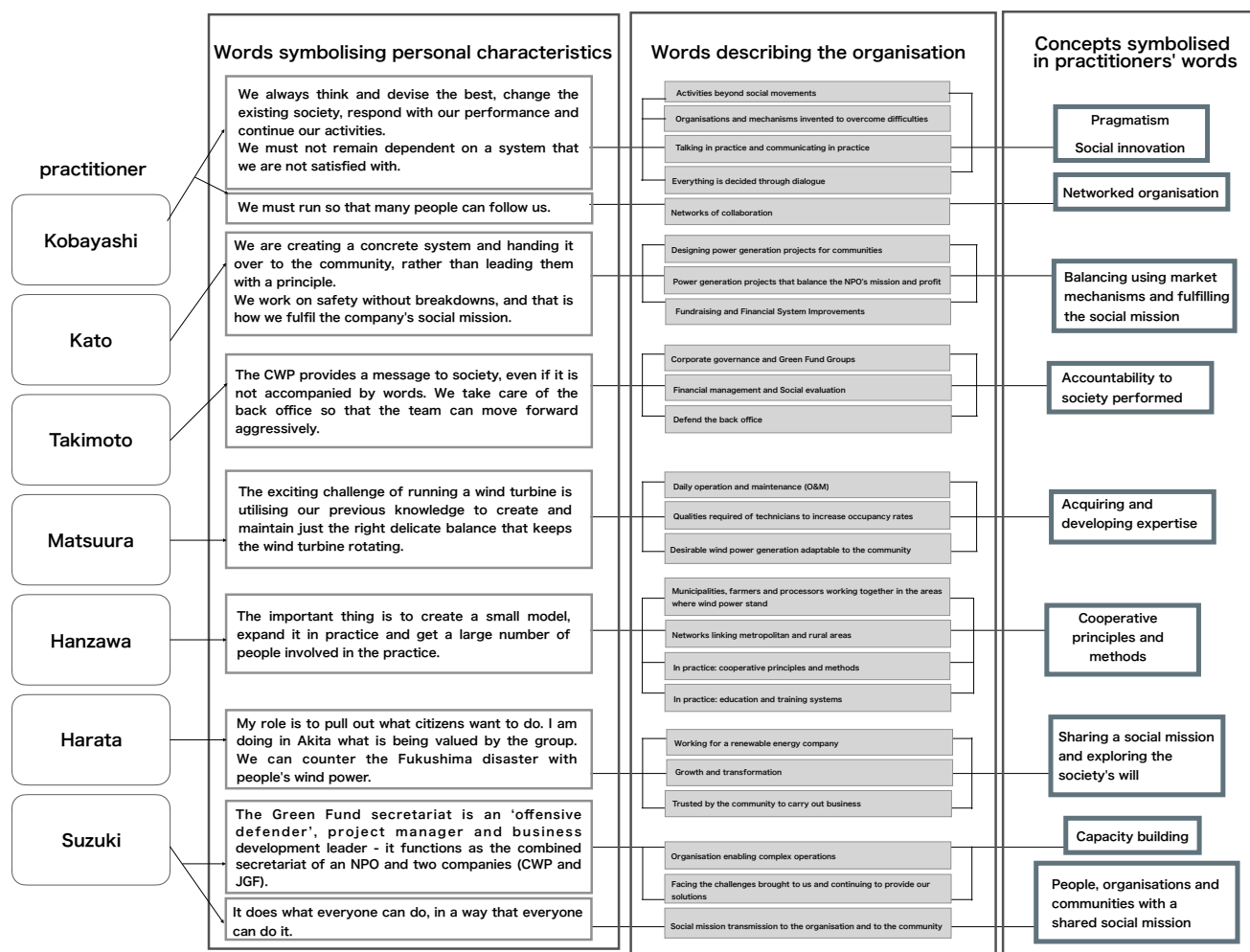


Figure 2: Three categories of practitioners' words

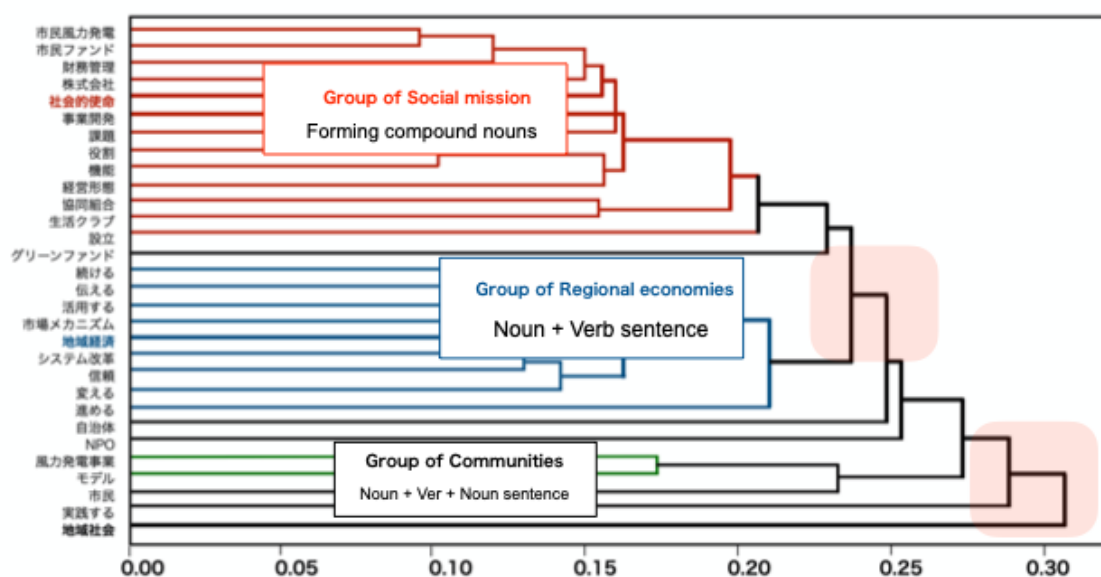


Figure 3: Hierarchical clusters of concepts inherent in the practitioners' behaviour

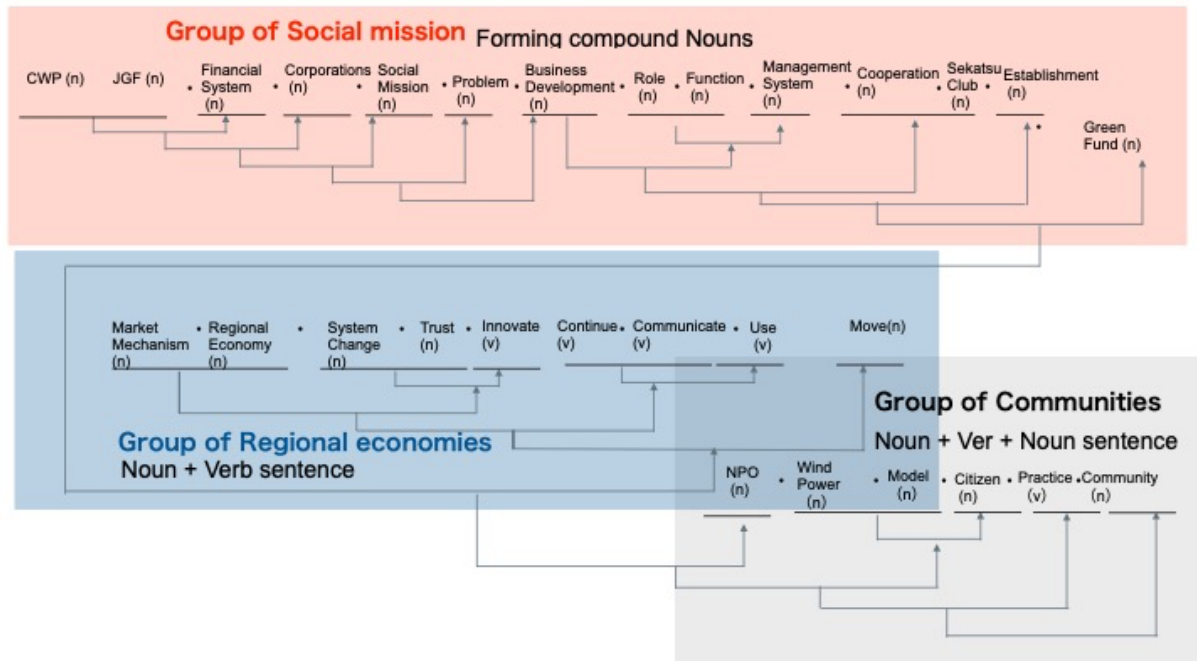


Figure 4: Engagement of relationships in the conceptual hierarchy clusters

practitioner	Words symbolising personal characteristics : Words	Concepts symbolised in practitioner : property	Semantic interpretation : context	References : dimension	Nine Methods of Improving Society	
1 Kobayashi	We always think and devise the best, change the existing society, respond with our performance and continue our activities. We must not remain dependent on a system that we are not satisfied with.	<b>Pragmatism</b> <b>Social innovation</b>	People who take action independently, get together and establish a hybrid organisation. Hybrid organisations overcome challenges through practical knowledge and ingenuity. Track record guarantees trust. Practice has an approach to improving society.	Katoh (2017a)	1 Social Change/Social Innovation	Designing social innovation models
	We must run so that many people can follow us.	<b>Networked organisation</b>	Networked organisations with pragmatic responsiveness and coordination capabilities nurture people and organisations that play an active role in the community.	Katoh (2017b)	2 Networking	Forming collaborative networks
2 Kato	We are creating a concrete system and handing it over to the community, rather than leading them with a principle. We work on safety without breakdowns, and that is how we fulfil the company's social mission.	<b>Balancing using market mechanisms and fulfilling the social mission</b>	Utilising market mechanisms to contribute to the community.	Katoh (2017b)	3 Business Scheme	Formulate management principles, strategies and business schemes that are in harmony with the environment and develop social investment markets.
3 Takimoto	The CWP provides a message to society, even if it is not accompanied by words. We take care of the back office so that the team can move forward aggressively.	<b>Accountability to society performed</b>	Corporate governance and financial management support NPOs, while social mission supports for-profit companies.	Katoh (2017b)	4 Management System & Function	Building an organisational foundation trusted by society with corporate governance and financial management.
4 Matsuura	The exciting challenge of running a wind turbine is utilising our previous knowledge to create and maintain just the right delicate balance that keeps the wind turbine rotating.	<b>Acquiring and developing expertise</b>	Expertise and skills ensure a track record that is essential for gaining society's trust.	Katoh (2017b)	5 Trust & Expertise	Continuing to be a trusted corporation with business development and technological innovation.
5 Hanzawa	The important thing is to create a small model, expand it in practice and get a large number of people involved in the practice.	<b>Cooperative principles and methods</b>	Cooperative power generation projects form local self-sufficiency zones in which the cooperative ethos pulses.	Katoh (2018)	6 Cooperative System	Supported by co-operative principles and methodologies with local origins, form autonomous local communities.
6 Harata	My role is to pull out what citizens want to do. I am doing in Akita what is being valued by the group. We can counter the Fukushima disaster with people's wind power.	<b>Sharing a social mission and exploring the society's will</b>	The happiness of local people is linked to the happiness of those working for the organisation.	Katoh (2021b)	7 Consistency of Mission	Becoming a networked organisation that promotes businesses which create communities centred on people's well-being.
7 Suzuki	The Green Fund secretariat is an 'offensive defender', project manager and business development leader - it functions as the combined secretariat of an NPO and two companies (CWP and JGF).	<b>Capacity building</b>	Networked organisations with pragmatic responsiveness and coordination skills nurture people and organisations that are active in the community.	Katoh (2021b)	8 Capacity Building	Shaping an environment that fosters people and organisations that contribute to the community.
	It does what everyone can do, in a way that everyone can do it.	<b>People, organisations and communities with a shared social mission</b>	Citizens transform existing systems and create new economic systems.	Katoh (2021a)	8 Legitimation	Integrating community consensus-building approaches and new economic systems.

Figure 5: Nine methods for improving society

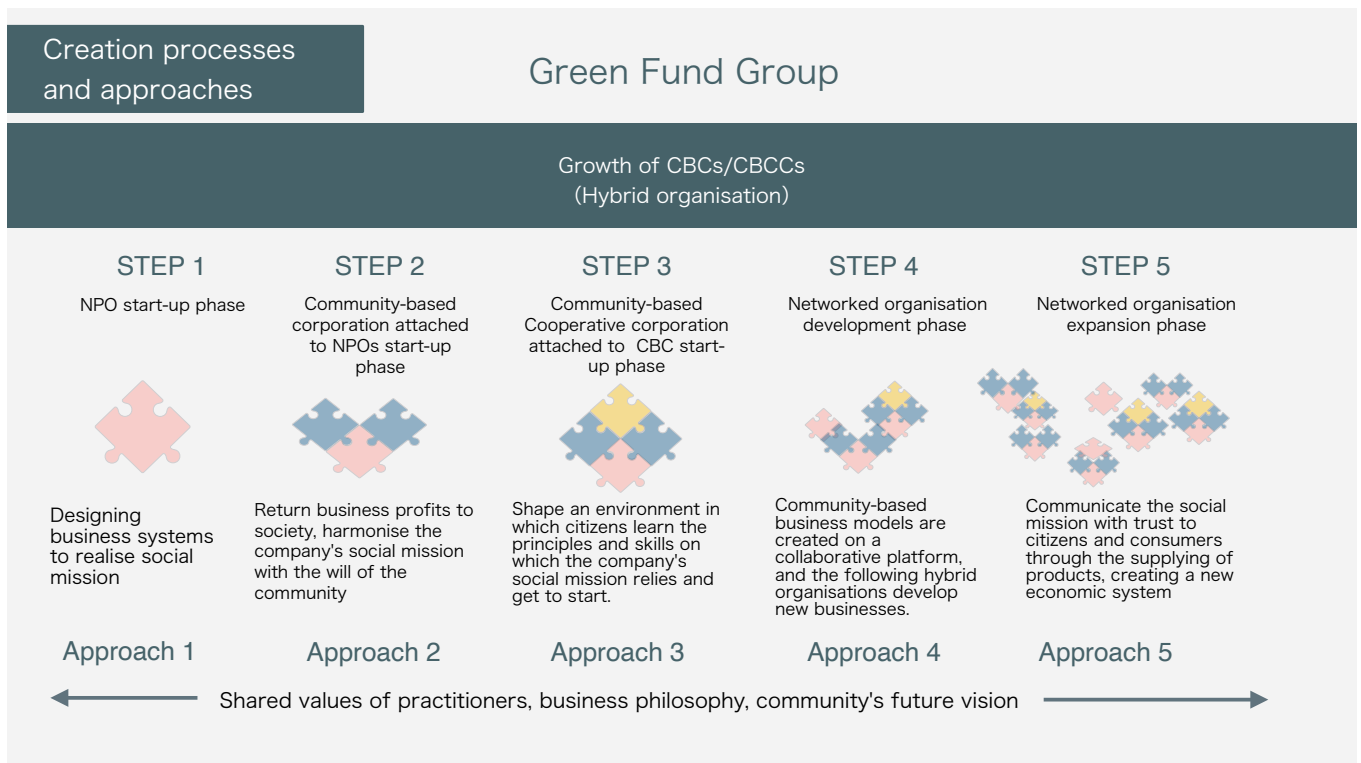


Figure 6: Hybrid organisations' creation structures

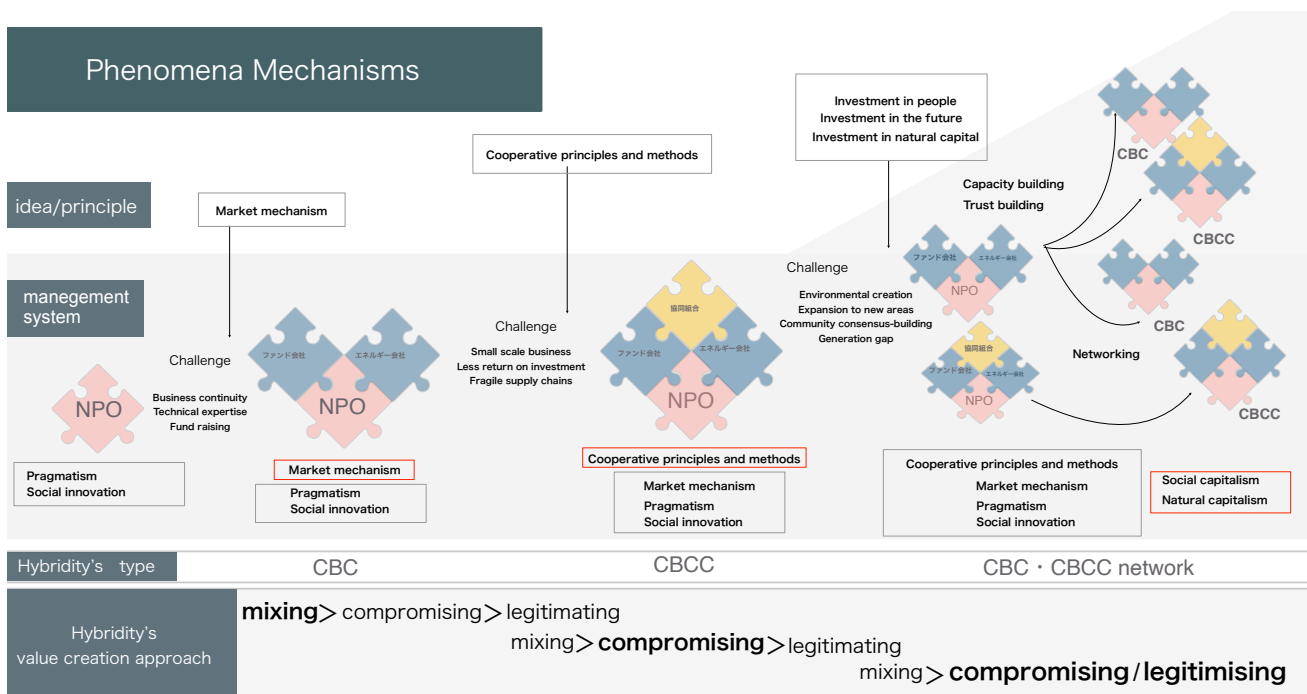


Figure 7: Hybridity as a phenomenon