Sustainable development and profit? A sensemaking perspective on hybrid organisations and their founders

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Abstract
This article explores the sensemaking process of the individual entrepreneurs behind hybrid organisations that seek to both initiate environmental/social change and also generate profit. The work sheds light on how founders of six such organisations set-up initially in between 1978 and 1991 make sense of themselves and their firm and how this impacts on their business strategies. We examine the life-stories of these individuals to illuminate their perspectives on their experiences, motives and values. We suggest that both ambition and altruism motivate individuals to become involved in these firms, echoing the paradox of firms seeking both social change and value creation. The work enhances our understanding of both sensemaking theory and success factors for hybrid organisations and strategizing more broadly.

KEYWORDS
ecopreneurs, hybrids, sensemaking, strategy, sustainable development

1 | INTRODUCTION

In this article, we discuss entrepreneurs who found organisations that seek to bring about environmental and/or social change, create value and generate profit whilst maintaining the primacy of their social and/or environmental mission. Sustainable entrepreneurs or ecopreneurs (e.g., Jolink & Niesten, 2015; Williams & Schaefer, 2012) often form hybrid organisations (Battilana, Lee, Walker, & Dorsey, 2012), which are the subject of a growing body of literature (Haigh & Hoffman, 2012; Haigh, Walker, Bacq, & Kickul, 2015). A hybrid organisation, for our purposes, is any business that seeks both to engender environmental or social change as well as generate profit. The importance of values within management practice is long recognised (Agle & Caldwell, 1999), but understanding the actions and motivations of the individual entrepreneurs within hybrid firms remains limited (Bacq, Hartog, & Hoogendoorn, 2016; Kearins & Collins, 2012; Martinez, Peattie, & Vazquez-Brust, 2019). It is within this gap and emerging area of enquiry that this paper is located, seeking to illuminate how such individuals understand what they are doing in terms of their business decisions and strategic direction when balancing their hybrid natures, akin to understanding their moral imaging (after Godwin, 2015). In particular, we are interested in how such entrepreneurs make sense of themselves and the stories of their businesses; how they make sense of the seeming paradox (see Leendertse, van Rijnsoever, & Eveleens, 2020) of social action versus profit-making and of their own impacts on their primary mission focus. In terms of business strategy for hybrid firms, decisions on relative prioritisation between profit and social impact are fundamentally strategic, and so we also seek to observe how entrepreneurs balance the two in concrete terms.

We explore six cases of established organisations founded by individuals aiming to bring about environmental or social change, whose organisations also seek to create value. Through life-story interviews with the founders of each of these organisations, a sensemaking perspective (Weick, 1995) sheds light on individuals’
1.1 Hybrid organisations and entrepreneurs

Within the field of organisation studies, the term hybrid organisation has been used to refer to organisations that are able to combine two elements that would seem a priori to be mutually exclusive (Battilana, Lee, Walker, & Dorsey, 2012), for example, commercial business and private charity. Similarly, hybrid organising is defined as ‘the activities, structures, processes, and meanings by which organisations make sense of and combine aspects of multiple organisational forms’ (Battilana & Lee, 2014: 398). Haigh and Hoffman (2012) suggest that such organising is blurring the boundaries between the traditional notions of for-profit and nonprofit organisations. Therefore, in studies of the social impacts of businesses, the term hybrid organisation is being used increasingly to identify those firms that seek to achieve social change (including predominately environmental objectives) and at the same time create value and profit (Battilana & Lee, 2014). As such, these organisations possess characteristics of both traditional for-profit organisations and attitudes of nonprofits (Haigh, Walker, Bacq, & Kickul, 2015). Their aim, in keeping with nonprofit social enterprises, is to initiate change to alleviate or compensate for a particular social or environmental problem (Haigh, Walker, Bacq, & Kickul, 2015: 7). At the same time, they seek to generate profit to continue their social or environmental mission (Holt & Littlewood, 2015). Although hybrid organisations are being accepted as a new type of organisation, some scholars have pointed out that their duality of objectives remains paradoxical, for example, leading them to seek to be financially self-sufficient and yet, through their social interactions, inextricably linked to the external environment (Haigh & Hoffman, 2012).

Although the concept of the hybrid organisation is still in its infancy, recent research has started to explore the strategies that hybrid firms adopt (Moizer & Tracey, 2010). Holt and Littlewood (2015) address the impacts that hybrid firms generate within the global development agenda, bridging existing institutional voids (Mair, Martí, & Ventresca, 2012) or ‘gaps’ (Kolk, 2014). Discussions of the definition of hybrid organisations have emerged, resulting in a broad conception as those who seek profit only in order to continue a social mission (Dees & Anderson, 2003; Doherty, Haugh, & Lyon, 2014; Leimsider, 2014). Nevertheless, two hybrid organisations will probably not look alike because their structure and activities are dependent on a complex array of factors including their location, context and environment (Bacq & Janssen, 2011; Emerson, 2003; Fowler, 2000; Holt & Littlewood, 2015). There has also been significant interest in how different types of organisations can achieve social performance while still maximizing profit (e.g., Stubbs, 2017 for discussion of B Corps), how this is important for corporate social performance (Hahn, Pinkse, Preuss, & Figge, 2016) and how established firms may work with hybrid ventures in the same industry (Lee & Jay, 2015).

Furthermore, there is a developing discussion around what exactly drives certain organisations to engage in business as a hybrid firm (Holt & Littlewood, 2015). Consequently, a significant amount of work has examined the roles of individual entrepreneurs in hybrid firms (Battilana & Lee, 2014). Founders of such firms are often viewed as unique, heroic individuals (Urban, 2008). Moving beyond this idea, there is some understanding of what external drivers are behind a person being a ‘hybrid entrepreneur’ (Bacq, Hartog, & Hoogendoorn, 2016). Battilana and Lee (2014) call for a better understanding of how the profile of a founder or leader influences these hybrid organisations. In particular, little work to date has focused on hybrid organisations from the perspectives of the entrepreneurs themselves. As yet, we have limited understanding of how these entrepreneurs view themselves and their organisations and the aspects internal to the individual that might drive their business activities. In particular, do individual entrepreneurs perceive themselves as unique and heroic, focussed on their product or social or environmental mission? Or do they view themselves as business-people? Or perhaps they consider themselves as some amalgamation of the two? Although hybridity as a concept is a recent discussion, the sustainability debate and market for green goods have emerged into the mainstream business culture since the mid 1980s (Barkemeyer, Figge, Hahn, & Holt, 2009). As such, we see a first wave of ‘green’ hybrid firms emerging from this time period run by ‘ecopreneurs’ (after Bennett, 1991) and as far back as the first Earth day in 1970 (Holt, 2011) that potentially offer interesting insights into how entrepreneurs driven by a social agenda (in this time period an agenda that was predominately environmental) made sense of their ‘world’ and reflects on their longitudinal business histories. Thus, a better understanding of the motives, interests and beliefs of mature hybrid entrepreneurs might help us to better understand their business decisions and how they were, and are, successful in setting up sustainable hybrid ventures.

Thus, this paper contributes to discourses on how individual values (after Agle & Caldwell, 1999) and prosocial motives (cf. Santana, 2015) influence external social practices of individual firms as well as internal decision making and business strategy within such hybrid organisations. The need for longitudinal studies is increasingly recognised (Agle & Caldwell, 1999; Mahadeo & Soobaroyen, 2016; Shropshire & Hillman, 2007); thus, in this paper, we reflect on over 20 years of business history for each of our case examples.
1.2 | Sensemaking

When we talk in terms of how individuals view their ‘world’, and themselves as actors in this, we are really talking about how they ‘make sense’. Sensemaking as an idea is itself the subject of a significant body of scholarship and has been widely employed in the study of organisations (Maitlis & Christianson, 2014). Brown and Humphreys’s (2003) study on making sense of organisational change and the stories of organisational actors, as well as Vaara’s (2003) work on sensemaking in a post-acquisition period, and studies on sensemaking and identity (Maitlis, 2009) are just a small indication of the variety in the depth and breadth of sensemaking narratives in organisations. Increasingly sensemaking can be used as a way to understand the ways social and environmental entrepreneurs manage their businesses and respond to sustainability issues (e.g., Angus-Leppan, Benn, & Young, 2010; Kearins & Collins, 2012; Tisch & Galbreath, 2018).

There is no single definition of sensemaking. Maitlis and Christianson (2014) point out that it has been viewed variously as a ‘perspective’, ‘lens’ or ‘process’. We adopt the definition of sensemaking as a process through which people understand their environment and events in which they are involved by taking cues that trigger the assignment of meaning (Weick, 1995; Weick, Sutcliffe, & Obstfeld, 2005). Sensemaking happens when individuals face events or issues (Maitlis, 2005). Through sensemaking, individuals construct interpretations of reality (Sonenshein, 2010) and give meaning to their lived experience (Sonenshein, 2007). In particular, people understand new, ambiguous or confusing events through a process of making sense (Maitlis, 2005; Maitlis & Christianson, 2014; Weick, 1995). Sensemaking is a common theoretical perspective for studies on various types of organisational change (Gioia & Thomas, 1996; Sonenshein, 2010). Therefore, a sensemaking perspective is well suited to the study of entrepreneurship particularly those facing the paradox of hybridity. Furthermore, sensemaking theory is concerned with the individual and the self and sheds light on how individuals view themselves in time, space and context (Weick, Sutcliffe, & Obstfeld, 2005). Maclean, Harvey, and Chia (2012) adopted a sensemaking perspective to examine life-history narratives (cf. Brown, 1998) in their study of how organisational elites legitimised their business careers. Sensemaking is bound up with storytelling (Brown, 1998; Gabriel, 1995). The sense people make of their environment and events emerges in the stories they tell.

Although Maclean, Harvey, and Chia’s (2012) study focuses on organisational elites of commercial entities, in our case, we are interested in how entrepreneurs who set-up hybrid organisations view themselves, their life-story, their organisation and the impacts they have. In developing this line of thought, we respond to their call for a wider understanding of the sensemaking of successful individuals in business (Kearins & Collins, 2012). We aim also to shed light on the less-well understood aspects of hybrid firms and entrepreneurship, what an individual’s sensemaking tells us about themselves, their business and their success. Therefore our research questions are as follows:

- RQ1: How do founders of successful hybrid organisations make sense of themselves?
- RQ2: How do they make sense of their organisation and its impacts?
- RQ3: How do they make sense of their success?

1.3 | Methodology

Our research methodology followed an Interpretive Phenomenological Analysis (IPA) approach (Smith, Flowers, & Larkin, 2009). The IPA approach is a fairly recent development in the study of management but has been well established in the fields of psychology (Smith, 1996). The IPA approach has been successfully paired with sensemaking perspectives in recent work (Tomkins & Eatough, 2014) and is particularly well suited to understand individual stories and circumstances (Gill, 2015). In line with the sensemaking lens, the IPA approach focuses on detailed understanding of others’ experiences (Brocki & Wearden, 2006). As such, IPA does not aim for theoretical saturation but instead is aimed at creating deep and detailed insights (Brocki & Wearden, 2006). In line with the IPA approach, we investigated six successful founders of hybrid firms that were in operation in the early 1990s in the United States of America. We select this time period as this was the first period in which we saw widespread green businesses start-ups arise in response to a growing environmental agenda in society (Holt, 2011; Schaper, 2012). By selecting a more mature sample we are able to explore a substantial longitudinal time frame (after Agle & Caldwell, 1999) and provide depth and richness to our research. We were therefore able to interview entrepreneurs approximately 20 years after they were first identified in the baseline publication. At that time, their firms were aged between 11 years (ceased trading) up to 32 years old (still trading at time of interview). We also restrict our sample to firms that began as owner/manager micro enterprises where the founder ideals are at the heart of the business model that emerges (Drumwright, 1994; Ogbonna & Harris, 2001). The IPA approach focuses on detail over quantity of data or sample size, as our aim was to generate a rich, full picture of the life experiences of founders of these particular types of organisation.

Potential firms were identified by considering a published listing of green businesses from the specified time period profile (up to 1991). This listing of such trailblazers identified a group considered in that context and time to be what we would now view as potential hybrid firms. A short list was generated using online search engines and secondary archival research of those that were either still in operation in 2010 or where the founders were still active and could be found. We then approached potential respondents based on the Eastern coast of the United States, facilitating fieldwork access and logistics.

For each firm, a single extended interview was conducted with the founder; with all interviews taking place over a 4-week period. Documentary data were also gathered reaching back in some cases decades and used to fully understand historical evolution of the firm and verify the findings from the interview data. This gave essential
background and environment data on the interviewee in line with the IPA approach. The interviews enabled us to understand how these founders made and still make sense of the way their business performed, as well the strategic choices they took over their business history. We also specifically focused on how their industry evolved and the environmental/social impacts they perceived they had generated, or how their industry more widely had impacted society. We also looked for the ‘trade-offs’ they perceived in their business decisions focusing in on their heart of their hybridity. We adopted a fluid interview approach that explored emerging themes as the interviews progressed but guided by a semi-structured interview protocol focused on their business history, key events, trade-offs they undertook and what they consider their impacts and successes.

As stated above, we regard the six entrepreneurs we studied to be ‘successful’; of the six firms studied, three were still trading, one had been incorporated and had a change of management after the founder retired and one had been sold and merged into a larger firm. The other has ceased trading entirely but a new company founded by the same individual has continued many of its activities. The details of each organisation and founder together with their current status at the time of the interviews is summarised in Table 1. Our firms are anonymised by using pseudonyms for the name of the founder and their firm.

Our research process took in aspects of abduction (Cunliffe & Coupland, 2011, Tomkins & Eatough, 2014, Van Maanen, Sorensen, & Mitchell, 2007) and involved constant movement between data and

<table>
<thead>
<tr>
<th>Organisation (owner) pseudonym</th>
<th>Status at time of study</th>
<th>Type of business</th>
<th>Founder involved</th>
<th>Further details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soy foods (Marcus)</td>
<td>Sold</td>
<td>Soy based food products</td>
<td>No</td>
<td>Started 1978. Initial idea linked to lifestyle choice. Acquired by larger firm in same industry in 1990. Was a philosophy driven company that philosophy echoed in founder’s new business. Founder stayed on with purchaser for 3 years post acquisition and then started up new businesses in organic food sector.</td>
</tr>
<tr>
<td>Green retail (Lucy)</td>
<td>Still trading</td>
<td>Green retail store</td>
<td>Yes (owner manager)</td>
<td>Started in 1990 as a green retail store selling products for the home. Business model evolved over time as green products mainstreamed. Now focussed on children’s educational toys and books with an environmental theme.</td>
</tr>
<tr>
<td>Ecolight (Peter)</td>
<td>Still trading</td>
<td>Energy efficient lighting</td>
<td>Yes (owner manager)</td>
<td>Started business in 1981. Specialist in both eco-lighting and energy efficiency. First mover in this area in the state. As household market became saturated specialized in business wholesale.</td>
</tr>
<tr>
<td>Eco wastewater (Mary)</td>
<td>Incorporated and change of management</td>
<td>Wastewater treatment systems</td>
<td>No - retired</td>
<td>Initially began in 1988. Developed innovative new system based on ecological principles for wastewater treatment. Set-up series of treatment facilities and demonstration sites. Majority of sales to private clients rather than municipalities. Other main founder had moved on to other projects and company slowly wound down by late 1990s. This founder semi-retired and returned to academia. Now involved in education, consultancy and outreach projects.</td>
</tr>
<tr>
<td>Solar heat (John)</td>
<td>Still trading</td>
<td>Solar heating installation</td>
<td>Yes (owner manager)</td>
<td>Set-up in 1978. 30 years of installing solar systems. Moved across into new niche market away from increasingly saturated solar market.</td>
</tr>
</tbody>
</table>
literature working both with preconception and surprise. Taking an interpretive approach meant that we focused on what participants told us in the interviews and then returned to literature to contextualise what they had said, rather than imposing a theoretical framework on our study before beginning data collection. The overarching aim of the study was to gain a deep understanding of the individuals behind hybrid organisations, what their motivations were, the ‘journey’ they had been on and the experiences they had been through. The interview questions were designed with these aims in mind. Once the interviews had been conducted, in a first pass through the data, we noticed the constant presence of phrases such as ‘I see/-saw myself as …’ or I viewed my role as …’. We believed that such phrases indicated sensemaking and ascription of meaning occurring. Therefore, we explored the literature on sensemaking, and it was here that we connected sensemaking to storytelling and in particular to the analysis of ‘life-stories’ (Maclean, Harvey, & Chia, 2012) and realised that our interviews constituted this sort of life-story data. We then adopted the approach of looking more formally for evidence of sensemaking in our interview data. Following the IPA approach, our analysis then focused on a detailed line by line reading of the interviews in order to gain a deep understanding of the entrepreneurs’ sensemaking.

Our coding proceeded as follows: In a first formal pass through the data, we looked for all instances of an individual making sense or interpreting themselves or the world around them, both through looking for phrases such as those described above or any other quote implying an individual judgment of themselves or interpretation of reality. The second stage was to stratify the broad themes that the sensemaking addressed. It was at this stage we identified that the individuals were all demonstrating making sense of themselves, of their organisation and what it was doing and of their success. Here, we realised the potential of our data to address our three research questions. The final coding stage was to stratify the accounts still further into the individual themes they addressed. For example, within the sensemaking of the individuals about themselves, there was a common theme of interpreting their personal level of business ability.

1.4 Exploring sensemaking

In this section, we introduce the key themes emerging from the analysis of our interview transcripts and archival materials on each organisation. We cluster these into the three overarching categories that emerged in their sensemaking approach—that of self, organisation and success.

1.5 Making sense of self

Analysis of the way the founders made sense of themselves yielded several key themes. The first theme emerging was a sense of themselves in relation to their industry or social/environmental interest. In some examples, the entrepreneur made sense of themselves as being a pioneer and being in some way unique:

So when I would show up at gatherings, conferences, meetings etc of the lighting industry I was the energy person. If I was at meetings or gatherings of the energy professionals I was the lighting guy. So I am the lighting energy guy. So that’s the niche that I’ve enjoyed all the way along. (Peter, Ecolight)

The entrepreneurs often made sense of the social, environmental and commercial path they had chosen as the right one for them and had a conception of themselves as a natural visionary:

... I wasn’t meant to be a cashier, or work in a store ... I didn't want to wait for the customers, I wanted to be able to go out and get the customers. I was very active, so I wanted to get the people, and bring them in. Be the visionary .... (Marcus, Soy Foods)

At the same time, however, this individual clearly perceived themselves as a business-person, capable of being active rather than passive and attracting customers.

The recognition of the ‘lost’ value of ecosystem services is stressed in one case where the entrepreneur viewed their role as an environmental advocate. In a way, this was a form of rediscovery and reimagining of the services offered by the environment rather than discovery of a ‘new’ innovation. But there are elements of innovation in the application of this technology.

Now, microbes have been treating waste water for ever, we didn’t invent this, but what we did was put it kind of in everybody’s face. (Mary, Eco Wastewater)

The sense of being a champion and advocate of the specific environmental business idea (or the products/technology) was echoed across all the cases. Where products were unusual (e.g., Soy Foods) the advocacy role was also considered key to building the profit-making element of the endeavour, the market and demand.

The second theme to emerge was the individuals’ overt sense of their own business expertise. In one example, the entrepreneur had formal business training but perceived a lack of knowledge of social and environmental aspects:

I have a master’s in business, have a business background, what I did not have was an international development background (Thomas, Solar Electric).

In another firm, by contrast, the entrepreneur had a sense of themselves as possessing natural business acumen; in spite of having no formal training or business experience, they reported
maybe it was in my blood ... I just remember knowing exactly what to do. (Lucy, Green Retail)

On the other hand, there were individuals who had a sense of themselves as being less well suited to a focus on commercial aspects. The key concern of the entrepreneur is making their vision happen: they view themselves as an expert in their field but not necessarily the best person to carry profit-making aspects forward:

I am the applications person that understands how the solar hot water system works, and the heat transfer between point A and point B, but it's like somebody else should be able to take over my role as CEO and scale this up better, and make my 'vision' actually happen. (Peter, Ecolight)

At the other end of the spectrum, there was also an example of an individual making sense of their role as more of a commercial business-person than a social entrepreneur:

I saw it as my role was to run the company, and to run the company I needed to have a product that I could define, that I could price, that I could sell ... (Mary, Eco Wastewater)

Finally, there was a common sense among the entrepreneurs of being people-focused and interested in individuals:

if I don't have the customers real interests at heart then I am not doing a good job. (Peter, Ecolight).

The entrepreneurs had a sense of themselves as always willing to give up their time, describing themselves as ‘soft’, in comparison to approaches with a purely commercial interest:

... I love donating my time when my expertise is going to be useful, and pretty much I am soft, and pretty much anybody can get me going. ... Some people are a little slicker, a lot more efficient with their time probably; they just make the sale and leave. (Peter, Ecolight)

The entrepreneurs also viewed interest in, and concern for, individuals as a motive for starting and continuing their business:

what kept me on that path were basically happy customers. Happy real customers, I mean really every time you turn the lights on. (Thomas, Solar Electric)

1.6 | Making sense of the organisation

Again, the way these individuals made sense of the organisations they were involved in setting up could be divided into several common themes. The first was a sense of where the organisation had come from or why it had emerged. Several of the entrepreneurs felt that the organisation grew out of a personal interest of social or environmental concern:

I ... was very conscious of everything I was using ... and I had this idea to open a store that sold eco-friendly products. (Lucy, Green Retail)

... prompted because of the fact that we were eating the diet and also the fact that we believed that too much meat in people's diets were causing heart disease.... (Marcus, Soy Foods)

Here, we see organisations actually arising out of out of the personal experiences of the entrepreneurs. At the same time, there was a dual sense of the organisations emerging both from an interest in the potential to make small differences in their own lives and for the products or services offered to take off and have global potential. On the one hand, there was an interest in solving problems on an individual level:

I loved the idea of being a technical salesperson, finding the right bulb or ballast or fixture. (Peter, Ecolight)

Further to this was a sense of what was achieved early in the set-up of the business as emerging from an interest in the social and environmental action that individuals could engage in themselves, rather than necessarily having a wider view:

So I was much more focused on what people could do in their own backyard as opposed to large global visions of things .... (Lucy, Green Retail)

On the other hand, there was a common sense of the wider potential of the particular product or service to make a social or environmental impact:

I got this sense of your work being able to make a positive impact .... A sense of what are the conditions in developing countries. (Thomas, Solar Electric)

I was only interested in it because I thought that by changing the waste water industry so that there was accountability for the discharge quality that I could make a real difference in coastal water quality. (Mary, Eco Wastewater)

Implicit here is the continued perception of the ambition of the individual and the belief that they could be the one to make a difference. Further to this, there was also an example of a sense that so-called niche environmental products might actually have potential to become part of the mainstream:
At that time I also knew that either I was going to be a miserable failure or the products were going to go mainstream. (Lucy, Green Retail)

The second theme evident in the way the entrepreneurs made sense of their organisations was a concrete sense of stepping away from other forms of organising. This was viewed by the entrepreneurs as a central part of their story:

So what I was doing was getting away from retail altogether ... Wow—that was huge step in my career. (Peter, Ecolight)

In other cases, the entrepreneur was not literally leaving behind a form of organising that they had been involved in before but were still rejecting traditional approaches in favour of a hybrid form:

I am not interested in becoming an enormous business ... so I basically just keep blinders on and focus on my own thing. (Lucy, Green Retail)

Third, the entrepreneurs all interpreted their business as primarily about social or environmental action and secondarily about profit making, or with profit making as a means to an end:

... having the venture sustain itself, ...having our work make a major impact.; [Interviewer]: how driven do you think you are by the idea of profit maximisation? [Interviewee]: It's probably not enough; it is probably more trying to do a scalable goal I guess. (Peter, Ecolight)

We also saw an example of a founder interpreting the way day-to-day business was carried out as placing profit-making second to a social good:

And so our sales people—were just people—people. I didn't like people that were just talented but not good people .... (Marcus, Soy Foods)

For one entrepreneur, there was a theme of the organisation being precious. First, in discussing selling the organisation, it was referred to as a ‘baby’ that significant energy and sacrifice had been invested into:

Because it is like a baby ... So much energy goes into something like that, and so much of your psychic energy that you want to make sure. (Marcus, Soy Foods)

That same entrepreneur also viewed their organisation as a ‘family’ describing actions taking to help employees manage crisis events and demonstrating knowledge of their personal circumstances ... we were kind of family orientated—it was really quite like a family.

1.7 | Making sense of success

We identified two key aspects to how the founders made sense of success. First, the individuals made sense of what exactly success means to them, and second, they made sense of how their own success had come about. Addressing the first of these, a theme emerging was that success was not about large-scale financial gain or profit making:

I am not wealthy— but I make a decent living ... so I think that's successful. (Lucy, Green Retail)

Again the entrepreneur regarded success as being more about social impacts than about money: “... we didn't make that much money, but it was a good thing. Marcus, Soy Foods

In terms of making sense of their own success, the first theme we identified within the entrepreneurs' responses was self-identifying as ambitious and hungry for success. The entrepreneurs viewed themselves as being successful both economically and socially precisely because they were seeking success and opportunity in both these arenas:

being an entrepreneur you've got stay hungry and got to have vision of where to go next. ... By being hungry and always looking for the next opportunity just in terms of, I love even looking at the next light bulb the next technical innovation. (Peter, Ecolight)

What we'll do is we'll have a factory and we'll make xxx and ... we'll have millions of people across the United States eating tofu. That was our dream. (Marcus, Soy Foods)

The entrepreneurs sense of themselves, in this case as being hungry and wanting to achieve, continues to be seeded throughout their overall sensemaking.

In one case, even though it became clear that their solar aquatic system was best suited for small towns and small-scale projects, the entrepreneur still had a vision of being able to compete with traditional commercial organisations.

We would really go head to head with conventional technology in terms of our footprint, in terms of the flows that we would treat ... So it's not that I wasn't ambitious. (Mary, Eco Wastewater)

The second theme, by contrast, was the entrepreneurs' perception that they had to compromise on social or environmental principles in order to sustain their business:
I ... slowly relaxed my standards but in a way that I felt
still that I was still as green as possible. (Lucy, Green
Retail)

There was also a perception that the individuals changed
personally, adjusting their standards in order to be competitive:

So it’s interesting how my philosophy has changed.
Maybe you could say I became jaded. But we still
want to be organic, but we also have to be
competitive. (Marcus, Soy Foods)

The entrepreneurs were also conscious of the paradox created by
the hybrid approach and made sense of this as an internal tension and
conflict:

I realised that the entrepreneur in me did not want to
give away my secrets, my knowledge. So there was a
conflict for me. (Peter, Ecolight)

2 | DISCUSSION

In discussing our findings, we look for patterns in the sensemaking of
individuals; looking for instances of individuals making the same sense
and also contrasting or different senses. Turning first to our individ-
uals’ perceptions of themselves, we found two different possible
senses. One was of a visionary or pioneer doing something genuinely
new and the other was of an advocate, educating and persuading in
favour of preexisting but environmentally or socially friendly products
or services. Although both perspectives focus on finding new niche
markets, the pioneer approach suggests a disruptive innovation or
creation of something unique (Pujari, 2006). Notably, both of these
streams would also be common to forms of entrepreneurship that are
strictly for-profit. So already a sense of tensions between social
mission and profit-making activity start to emerge here. All our firms
were ‘born’ green—focused on a specific environmental innovation or
reduced impact as the main value creation proposition. The context
here is important—in the time period these firms were born our entre-
preneurs sat firmly outside mainstream business models and used
technologies/products not commonly available. Although they may
have been, at their initiation, potentially disruptive innovators they
are no longer so, as the services and products they champion have
entered the mainstream. This allowed for the sense of the paradox
between being a mainstream business and social and environmental
action to come to fruition. However they are clearly hybrid businesses
born from a ‘grassroots’ ecopreneurial motivation (Pastakia, 1998)
driven by the founder’s personal interests and recognition of a
business opportunity (Schaper, 2012).

Often these entrepreneurs in their early years would have had to
both innovate and advocate—building awareness, a market, and
experimenting with various product combinations and indeed building
their own business expertise By the time the interviews took place,
they all had at least two decades embedded within their chosen indus-
tries and their sense of self, as experts, within a specific area was well
established. What is clear from their comments is the value they give
to a people-centred approach to business, echoing the ‘people, planet,
profits’ mantra discussed by Wilson and Post (2013) as the corner-
stone of social/hybrid businesses.

Similarly, when examining individuals’ senses of their own busi-
ness abilities, we find two poles; one a sense of natural acumen and
the other willing to leave commercial aspects of business to others.
For the latter group this hesitancy in their perception of business skills
does not stop them starting the business—their personal interest in
the social issues being addressed overcomes that barrier. We also
identified the possibility for a hybrid entrepreneur to actually make
sense of themselves as a businessperson, which adds a third
sensemaking category to our pioneer/advocate duality. To some
extent, this third position recognises the need to have someone in the
organisation that can deliver the business fundamentals regardless of
the social mission or indeed as a requirement to deliver it.

The centrality of the social and/or environmental mission as a
hybrid firm founder emerges clearly in the sensemaking of self. Some
entrepreneurs expressed doubts about their business acumen, others
that they needed more knowledge of the specific social/environmental
contexts of their proposed business at start up. Both Thomas
(Solar Electric) and Lucy (Green Retail) talked about their initial need
to do research and educate themselves—not on business but on topics
related to their specific area of interest. Again, we need to reflect on
the context in which these businesses began; such technologies and
products were extremely new, and there existed little mainstream
market intelligence on them—certainly not the widespread access to
information we have today. Our interviews all suggest the willingness
of our entrepreneurs to self-educate in their areas of perceived
weakness in order to deliver the social/environmental value they
sought.

Although we did identify patterns of sensemaking, our entrepre-
eurs did not all make sense of themselves in the same way. The
founders would view themselves as sitting at different discrete points
at the extremes of several possible senses (so either a pioneer,
advocate or business person). They perceived their business and
issues-based skills and knowledge differently, some stressing their
natural business acumen or having less interest in commercial aspects.
In Figure 1, we see these themes positioned within the concep-
tualisation of the sensemaking of self as a combination of their per-
ceptions of skills and motivations. Within the figure, different
founders would view themselves at different vertices of the triangle,
the horizontal and vertical axes representing expertise in the social
issues at hand and level of business acumen respectively, resulting in
the three broad types of self-perception.

In terms of making sense of the organisation, we again encoun-
tered a duality; the founders viewed their businesses as emerging
from personal interests and desire to act with social concern as an
individual and also a sense of potential for products or services to
make a wider impact. This recognises both the desire to have a local
positive impact that drives many hybrid entrepreneurs (e.g., Mair,
Martí, & Ventresca, 2012) but also the wider goal of having a larger-scale impact as discussed by Marcus from Soy Foods. Furthermore, there was a pattern of entrepreneurs making sense of their organisation as a legitimate business that aimed to generate profit, even though proceeds would be reinvested for social or environmental ends.

At the same time, all six individual entrepreneurs made sense of their organisations as social or environmental entities with revenue generation as a means to sustain their mission. This is in line with existing thought on hybrid organisations; Holt and Littlewood (2015) point out that social and environmental concerns enjoy primacy over profit-making in social enterprise, even in hybrid firms that aim to address both. This is somewhat akin to the ideas of moral imaging discussed by Godwin (2015) as seeing the moral aspects in the various social/environmental issues and proposing a solution through a business based model. Nevertheless, the entrepreneurs did identify that their business strategies had changed over time, often with compromises in terms of social and environmental impact in order to ensure the business was financially sustainable and able to continue its mission.

In making sense of themselves, the entrepreneurs commonly identified an interest in individuals and a willingness to give up time for others; for instance their involvement in various external social practices links to the caring perspective and prosocial motives discussed recently by Santana (2015). When making sense of the organisation, we observed that the entrepreneurs prioritised income generation second place to social and environmental concerns. The entrepreneurs identified that success for them was not necessarily about financial gain. Nevertheless, some of the entrepreneurs viewed themselves very much as ‘business-people’. This sense of self in turn drove sensemaking of the organisation as something that is well-run and financially sustainable but with a social or economic rather than profit driven end goal.
In our consideration of making sense of success the various trade-offs (Hahn, Figge, Pinkse, & Preuss, 2010) and paradoxes (Hahn, Pinkse, Preuss, & Figge, 2014) emerge in balancing social, environmental and economic goals. Hybrids that are born out of a specific mission driven agenda or personal interest arguably suffer most acutely from these paradoxes and tensions and undertake specific trade-offs to prioritise their central agenda. Nevertheless, the individuals’ perceptions of themselves are crucial in resolving paradoxes in how they make sense of their organisations. Visionary, pioneer, innovator and advocate are all labels that apply equally to individuals or elites in traditional forms of organisation, and so this helps to drive a sense of being able to succeed in both generating profit and carrying out a mission in a meaningful way. Particularly in small firms like our cases headed by the owner/manager their sense of self and the organisation helps them to navigate this space. The patterns emerging from their sensemaking of their organisation and its impacts are summarised in Figure 2.

Our findings also suggest the sense of the organisation as emerging from a belief in the global potential or wider impact of the product or service and the sense of ambition and vision that the entrepreneurs felt led to their success. This suggests that in many cases an individual entrepreneur will have a global sense of their story and their experiences that drives perceptions of their business and later how they experienced success. In the first example, we described above we might identify a global ‘altruistic’ sense. In the second, we might identify a global ‘ambitious’ sense. The sense they have of themselves drives their sense of their organisation and is the reason they identify for their success. This phenomenon is described in Figure 3. On the right hand side, the self-perceptions of altruism and ambition drive the sense the entrepreneurs make of the organisation and of their success seen on the left of the figure. At this level of sensemaking, the tensions between business achievement and social impact are in turn resolved by the original senses of self.

Our analysis indicated that the way the entrepreneurs make sense of themselves is the key driver behind the sense they make of their organisation and their career as a whole. The entrepreneurs all needed to negotiate the space between profit-making activity and social and environmental change, their sense of self was crucial in enabling them to do this. Their perceptions of their own role, whether pioneer or advocate, drives their sense of what their organisation is like. In reflecting on their own business ability, or indeed perceiving themselves as a ‘business-person’, they start to resolve the need for their business to play two roles and view success for them as being able to make a difference in the social arena is a financially sustainable way. Essential to this is that the sense of altruism and wanting to make a difference means that the social mission of the organisation and that perspective on what success means, remains the primary goal. Even when the entrepreneur recognises themselves as ambitious or business-savvy, this does not detract from the overall sense of the importance of social and environmental mission. This sense of primacy of mission then supported the entrepreneurs when they did need to make strategic changes towards a more profit-making orientation, because of the perception that prioritising profit was only necessary to continue the overall mission. In holding making a difference as a primary objective, the sense made by the entrepreneurs is inherently future-oriented, wanting to improve people’s lives and being

![FIGURE 3](Senses of founders of hybrid organisations)
ambitious about what can be achieved, what Maclean, Harvey, and Chia (2012) would term becoming. By contrast to the elite business careers in their study, our entrepreneurs do not engage in legitimisation of their career by making sense of ‘giving back to society’; because their whole mission is societal, the need to question the legitimacy of themselves or their enterprise is less likely to arise.

3 | CONCLUSION

This work makes several contributions as follows: first, we demonstrated that just as different hybrid organisations display different forms of organisation depending on their contexts (Holt & Littlewood, 2015) so also their founders are a heterogeneous group. Although we did identify differences between founders of different firms, we also found that successful founders tended to make sense of themselves and their organisations as both altruistic and ambitious (Figure 3), suggesting that these two elements might be success factors for such organisations. We offer this as a potential conceptual contribution to the study of sensemaking and hybridity.

Beyond this, our work sheds further light on sensemaking through life-stories, extending existing work on the subject by looking at patterns and differences in sensemaking of individuals who have had similar experiences. In particular, we identified that for hybrid entrepreneurs, sensemaking of self was the primary driver for how they viewed their organisation and what success meant for them.

Our research also shows that although hybridity as a research concept is recent, it is possible to consider examples that reach back many decades. Between them our six founder entrepreneurs have more than 190 years of business experience. They clearly express the trade-offs we associate with hybridity of sacrificing profit for achieving their social mission, with this at the core of their business model. Yet they were all set-up in an era where their business idea was perhaps more ‘radical’ and opportunistic. As such they have all been overtaken by the shifting mainstreaming of environmentally friendly products and services, requiring changes in their own business model and to some extent compromises. It is clear however that whilst some incremental compromise has occurred the core vision that drove them remains the same—for instance, Marcus and his organic focus, Lucy’s desire to only sell environmentally responsible and low impact products, Thomas’s commitment to solar energy in low income contexts and Peter’s positioning as the eco-light/energy ‘guy.’ Our founders are all champions of their specific issues, and it is this belief, along with more pragmatic considerations of profitability, which has shaped their success.

What is perhaps unique about our sample of founder entrepreneurs and their organisations in terms of our research focus is their very normality. These are not large multinational or flagship green businesses like Tom’s of Maine and Ben and Jerry’s. Yet our entrepreneurs are demographically very similar to those that did found these businesses—the same general age, starting micro businesses linked to a desire to earn an income and yet live within their beliefs, and from the same basic geographical location. This suggests that hybrid firms are not just these flagship extremes, but can be the everyday businesses on a typical ‘main’ street. It is about how their founders make sense of the conflicts between their economic and social/environmental tensions, the specific trade-offs that they make and their projection of this into their organisational form that can also be a signifier of a hybrid firm—regardless of size.

Our findings also have implications for business strategy. The entrepreneurs’ senses of self and their organisations helped them resolve tensions between profit-making and social action and this impacted on their business strategy in terms of enabling them to make compromises when increasing revenue became necessary to continue their mission. The sense of primary mission may well have wider scope than simply the arena of the hybrid firms in this research. Any firm involved in social or green entrepreneurship, and indeed SMEs more broadly, will at some point face tensions between strategic directions, and the impact of sensemaking we observed in our cases may form part of a broader pattern of sensemaking of self and the organisation enabling strategizing based on individuals views of themselves and what is important to them and their business.

Although we believe this study makes valuable contributions to both sensemaking and hybrid narratives, its limitations must be acknowledged. Foremost is the small sample size of interviews we engaged with in this work. Although these in-depth interviews provided richness of insight that we believe is generalisable, further investigation of sensemaking of founders of hybrid firms could verify our findings. We offer our conceptualisations of our findings in Figures 1–3 as a framing that future researchers can take forward. Second, we are aware that in an interpretive study of this kind, the researchers are co-creators of knowledge and our interpretation of the data has a bearing on our findings. Again, we would call for further work in this direction to validate our findings.

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