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PhD'06

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Key Finding

Cultivating a hybrid organisational culture helps organizations successfully pursue social and financial goals over time

Business Application

When organisations commit to pursuing both social and financial objectives, they need to (re)design their processes and systems accordingly to enable the creation and development of a hybrid culture dedicated to both financial sustainability and social impact.

While historically many have seen social and financial value as separate, today that division appears much less tenable. In January of this year, the CEO of BlackRock, one of the world's largest asset management firms, wrote an open letter calling other CEOs to integrate social objectives with their companies' profit motives. In doing so, he joined the growing collection of voices that now call upon companies to create social and financial value at the same time.

Walking the talk of such a joint pursuit is challenging. While social and financial goals sometimes align to reinforce each other, they can also pull organisations in contradictory directions. For decades, organisation scholars have noted the risk that organisations run of abandoning their social goals in the quest for survival and efficiency. On the flip side, advancing social goals can require investments that may jeopardise an organisation's profitability and financial sustainability.

Despite these challenges, we see that some organisations do succeed in pursuing joint social and financial goals over time. Social enterprises provide a compelling laboratory to explore this joint pursuit, because they experience magnified tensions between their social and financial goals: if they lose sight of their social mission, they fail, and they also fail if they do not generate enough revenues to be financially viable.

In our research studying such organisations over the past decade, we find that a common characteristic unites those that are able to pursue social and financial goals over time: they cultivate a hybrid organisational culture, built upon shared values, behaviours and processes dedicated to achieving both social and financial goals. Although organisational culture involves norms and practices that elude quick fixes, we identify levers that contribute to an organisation's ability to create and maintain such a hybrid culture: setting and monitoring social and financial goals, designing activities and structures to pursue social and financial goals, mobilising people to embrace a hybrid culture, and harnessing leadership to embody a hybrid culture. We find that when these levers align, they contribute to the development of a hybrid culture that helps organisations to walk the talk of creating simultaneous social and financial value.

**Read more:**

Battilana, J., Sengul, M., Pache, A.-C., and Model, J. (2015), “[Harnessing Productive Tensions in Hybrid Organisations: The Case of Work Integration Social Enterprises](#),” *Academy of Management Journal*, 58(6): 1658–1685.

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Research interests: hybrid organising, social enterprises, leading change, organisational change