



Understanding Multi-sector Hybridity in Social Innovation

Alfonso H. Molina

Professor of Technology Strategy
The University of Edinburgh

Scientific Director
Fondazione Mondo Digitale

Current Address: Fondazione Mondo Digitale, Via Umbria 7, 00187 Rome, Italy
Email: A.Molina@ed.ac.uk
Tel: 0039 420 14 109
Fax: 0039 42000 442

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Table of Contents

- 1 Introduction**
 - 1.1 *Focus on Social Innovation***
 - 1.2 *Empirical Case and Structure of the Paper***
- 2 Hybridity in Social Innovation and Entrepreneurship**
 - 2.1 *Social Innovation and Entrepreneurship***
 - 2.2 *Hybridity***
 - 2.2.1 Social-forprofit Spectrum*
 - 2.2.2 Multi-sector Spectra of Single-organization Hybridity*
 - 2.2.3 Graphical Representation of the Six Two-sector Hybrid Spectra*
 - 2.3 *Multi-organizational Hybridity***
- 3 The Village Phone Social innovation**
 - 3.1 *Snapshot of Value-creation Model of the Village Phone Social Innovation***
 - 3.1.1 Workings of the Value-creation Model of the Social Innovation*
 - 3.2 *Hybridity in the Village Phone Social Innovation***
 - 3.3 *Hybridity and Contending Visions in the VP Social Innovation***
- 4 Conclusions**

Bibliography

List of Tables

Table 1	Hybridity Spectra for Social, Forprofit, Public and Community Sectors
Table 2	Levels of Hybridity in Multi-organizational and Multi-sector Analysis
Table 3	Players in the Village Phone Strategic Alliance
Table 4	Reported Socio-economic Benefits of Village Phone Social Innovation
Table 5	The Role of Players in the Village Phone Social Innovation
Table 6	Types of Hybridity in the VP Social Innovation

List of Figures

Figure 1	Wheel of Hybridity in Social Innovation
Figure 2	Multi-organization, Multi-sector Hybridity in Social Innovation
Figure 3	Village Phone Strategic Alliance – Operational Roles Inside the Overall Mobile-telephony Value Network
Figure 4	Positioning of Main Players on the Wheel of the VP Social Innovation
Figure 5	Changes in the VP Social Innovation as a Result of Yunus' Proposition

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1. Introduction

Humanity has entered the 21st century facing massive challenges in multiple areas of society: education, health, environment, poverty and exclusion, crime, terrorism, digital divide, and so on. These problems affect the entire world but they undoubtedly affect with much greater force the poorer areas where the majority of the world's population live. The UN Millennium Development Goals are an effort to mobilize the world to tackle some of these problems at a basic level. Success, however, will hardly come without large-scale and sustained efforts in social innovations that empower and release the creativity and energies of people and institutions across the world. Here the multiplication of social entrepreneurship and social innovation occurred in the last decades constitutes a hopeful trend already at work in the planet. Of course, while the intellectual arenas of social innovation and social entrepreneurship are recent, their practical origins are a much older reality. Think for instance of Robert Owen's utopian co-operative movement and also the charities of nineteenth century Victorian England.¹ In fact, one can even conjecture that social innovation has been inherent to mankind from the beginnings of civilization (even mankind) with the rise of agriculture and settlements, villages, cities, etc.

Today's growth of social innovation, however, is altogether of a different scale, underpinned not just by the global magnitude and awareness of the challenges but, also, by the realization that the resources and means to solve them already exist. Although, social innovation is not the exclusive province of any single economic sector, an indication of its dynamism is given by the dramatic growth in the number of socially-driven nonprofit organizations. Rangan (2008), for instance, points out that the US has over 1.4 million non-profit organizations and they account for 5% of the country's GDP. Austin *et al.* (2006) note that the number of nonprofit organizations increased 31% between 1987 and 1997 to 1.2 million, exceeding

¹ For a discussion on the history of practical social innovation, see Alter (2007), Mumford (2002), and Mulgan (2006).

the 26% rate of new business formation.

An important trend in present-day social innovation is the marked blurring of sectoral borders with organizations from traditionally separate sectors coming together to make possible its creation and implementation. Prominent in this respect is the blurring of the rigid dichotomy between non-profit and for-profit sectors spurred by two convergent forces:

- the resource gap created by the diminished role of the state and the simultaneous increase in the number of, and competition between, organizations working for social ends. (Leadbeater, 1997; Weerawardena and Mort, 2006; Mulgan *et al.* 2007).
- the movement of for-profit companies towards corporate social responsibility and, beyond, strategic corporate social responsibility or philanthropy (Smith, 1994; Porter and Kramer, 2006) or corporate social innovation (Kanter, 1999).

This sectoral blurring or hybridity in the practice of social innovation is the topic of this paper. The particular aim is to take the theory of hybridity from the current understanding of two-sector, single-organization hybrid spectrum to a multi-sector, multi-spectra understanding encompassing four sectors: social, forprofit, public and community sectors. The social sector includes all those non-governmental organizations (NGOs) whose primary drive and purpose is to improve society as a whole and, particularly, the condition of disadvantaged sector of the population (e.g., social enterprises, foundations, etc.). The forprofit sector includes all organizations whose primary drive and purpose is to make private profits (e.g., profit-driven companies). The public sector includes all those governmental and inter-governmental organizations whose broad drive and purpose is (should be) the pursuit of “public good,” in principle with wealth-redistributive purposes aimed at redressing or at least mitigating the exclusion of socially disadvantaged groups (e.g., government, public hospitals, etc.). In fact, for Kitz (2002), the public sector “is specifically designed to include provisions to account for the well-being of society.” (p.20) Finally, the community sector includes all those grass-root organizations whose broad drive and purpose is to enhance the social life of the community in which they are placed (e.g., clubs, neighbourhood

associations, churches). Families or households can be seen as the smallest organizations in the community.

Taking account of all four sectors, the paper develops a taxonomic and graphical instrument to help characterize different social innovations from the viewpoint of their hybridity. This theoretical development builds on, and substantially extends, the insights accumulated in the existing literature on social innovation and entrepreneurship. The main focus, however, is on social innovation for the reasons that follow.

1.1 Focus on Social Innovation

According to Phills *et al.* (2008), social innovation is a better focus than social entrepreneurship because innovation is what ultimately produces social value. Furthermore, they argue, much research on social entrepreneurship focuses on the social entrepreneur (i.e., the leaders who start new organizations and processes), or, on social enterprises (i.e., the organizations created and run by social entrepreneurs), discussing primarily issues of commercial activities, earned income, management, and contribution of the for-profit sector to social service programs. In my view, this primary focus on single social entrepreneurs and single organizations introduces important limitations to a deeper understanding of the roles and hybrid relationships organizations enact in social innovation. One reason is that a single organization may be involved in different processes of social innovation, applying simultaneously different forms of strategic alliances. Thus, an organization may not be monolithic in the face of different social innovation processes. Take, for instance, the case of Google.org, Google Inc.'s division in charge of implementing the company's philanthropic policies:

Its initiatives employ a mix of methods. Like traditional foundations, Google.org makes grants to nonprofit entities. In addition, it makes equity investments in for-profit companies. Wherever possible, Google.org also uses Google, Inc.'s human resources, technology, and products to pursue its philanthropic goals. ... Google.org's use of an integrated for-profit division inaugurates

a new model: “for-profit philanthropy.” (Reiser, 2008, p.3)

A further reason is that processes of social innovation and entrepreneurship are increasingly driven by multi-organizational, multi-sectoral alliances or networks requiring an understanding of the issue of hybridity that goes well beyond what the single-organization analysis has to offer. Goldstein *et al.* (2009), for instance, see social entrepreneurship as “innovative alliances between public, private, and non-profit organizations as well as individuals and other groups ... in order to address pressing economic and social challenges at a local and/or global level.” (p.14)

At this point, it is necessary to introduce a key distinction for the argument of this paper, namely, *concrete organizations* (i.e., single existing organizations such as firms, foundations, etc.) and *conceptual organizational types* (i.e., types of organizational roles a concrete organization can take in processes of social innovation, such as corporate social responsibility, affirmative firms, etc.). The analytical relationship between these two categories can be seen as inflexible, monolithic, in the sense that a concrete organization is permanently defined by a single organizational type in a one-to-one association with social innovation (i.e., concrete organization always plays the same role in any process of innovation, such a “firm with CSR” or a “social enterprise with substantial trade”). On the other hand, this relationship can be seen as flexible, in the sense that a conceptual organizational type rather defines the particular form of participation played by a concrete organization in a given social innovation. The latter allows for the possibility of concrete organizations adopting different organizational types in different social innovations and, in some cases, even different types in a single process of social innovation. In this perspective, the case of a concrete organization having a single, monolithic relationship to a conceptual organizational type becomes a particular case of a more general conceptual framework. This case might be true for organizations that implement a single approach to social innovation, such as small one-project organizations or traditional very-settled social organizations. For others, such as large multinational firms and NGOs, the more flexible relation is likelier to be the case.

This paper applies the more flexible analytical alternative to the relationship between conceptual organizational types and concrete organizations. Indeed, it is the only option since its focus is not on the organization *per se*, it is rather on the forms of participation concrete organizations play in multi-sector hybrid alliances for social innovation. In short, the unit of analysis is no longer the social entrepreneur or the organization *per se*, it is the process of social innovation with its associated forms of organizational participation. As we shall see, this approach results in the identification of multiple dimensions of hybridity, including a taxonomy containing several families of hybrids, and an associated graphic instrument named “wheel of social innovation hybridity.” The taxonomic instrument acknowledges and makes use of existing concepts defining various types of single organizations, on the one hand, and on the other, it develops new concepts in order to create a much broader conceptual instrument, capable of dealing with the issue of multi-dimensional hybridity in social innovation.

1.2 Empirical Case and Structure of the Paper

The paper applies the resulting conceptual instruments to one of the best-known, high-impact, social innovation of recent times. This is the spread of mobile telephony in Bangladesh through GrameenPhone and its Village Phone Programme (VPP). The VPP is credited with a massive socio-economic transformation in the rural areas of Bangladesh where in the mid-1990s most of the country’s population lived excluded from the benefits of telecommunications infrastructure, roads, health services, etc. Just over a decade later, most of the rural population of Bangladesh have access to mobile telephony services offered by a new breed of 300,000 micro-entrepreneurs known as Village Phone Ladies, since most of them are women. This massive transformation has been made possible by a blend of different types of organizations implementing an innovative value-creation model that has resulted in major economic and social benefits for the poor villagers of rural Bangladesh. The paper reconstructs this model and uses the “wheel of social innovation hybridity” to characterize the social innovation, as well as to explain why two contending

visions exist and still battle out to influence its final shape.

The argument of the paper is structured as follows: first, a brief review of relevant literature touches on the concepts of social innovation and entrepreneurship and examines in-depth the issue of hybridity dealing with single-organization, two-sector hybridity and multi-organization, multi-spectra hybridity, leading to the formulation of the taxonomy of hybrids families and the wheel of social innovation hybridity (SI hybridity wheel). Then, the analysis applies the theory to the empirical case of the Village Phone (VP) social innovation. It describes in detail the innovative VP business model and applies the “SI hybridity wheel” to characterize the social innovation, its particular form of hybridity, contending visions and conflicting resolutions. The final section concludes the paper.

2. Hybridity in Social Innovation and Entrepreneurship

This section briefly touches on the concepts of social innovation and entrepreneurship and examines in-depth the central issue of hybridity.

2.1 *Social Innovation and Entrepreneurship*

Definitions of social innovation and social entrepreneurship found in the current literature reveal similarities and differences. Thus, in both fields, the primary concentration is on the meaning of “the social” aspect. This means that by and large both fields delve little into the meaning of the “innovation” and “entrepreneurship” aspects. They tend to accept the legacy coming from the older fields of innovation and entrepreneurship respectively. Thus, social innovation largely accepts that “innovation” is the combination of creativity (or invention) plus implementation or putting ideas into practice (Von Stamm, 2003; Deschamps, 2008). Some authors try to define further the nature of social innovation as “*a novel solution that is more effective, efficient, sustainable, or just than existing solutions.*” (Phills *et al.*, 2008; see also Christensen *et al.*, 2006) The overarching defining factor of social innovation, however,

is “the social”, that is, the fact that the innovation must be motivated by, and focused on, unmet social needs, problems, goals and change. For some authors this means innovation in social relationships, social organization and governance (Mumford, 2002). Instead, for Phills et al. (2008), ‘the social’ translates into who benefits, and the beneficiaries must be society as a whole. Thompson *et al.*, (2000) add that this benefit is actually to empower disadvantaged people and encourage them to take greater responsibility for, and control over, their lives. Regarding sectoral involvement, Mulgan (2006) introduces the idea that the diffusion of social innovations happens predominantly through organizations with primarily social purposes while Thompson *et al.*, (2000) sees them as “community initiatives” and Bacon (2008) notes that they are not restricted to anyone sector or field since many are supported by the public sector, others by community groups and voluntary organizations.

Social entrepreneurship also falls back on largely accepted definitions of “entrepreneurship,” where the defining elements are the creation of wealth, value and growth (Hisrich and Peters, 2002) through processes of discovery and/or creation, evaluation, and exploitation of opportunities by individuals who discover and/or create, evaluate, and exploit them. (Shane and Venkataraman, 2000; Schendel and Hitt, 2007). Thus, social entrepreneurship also creates value but - as with social innovation - the defining factor is, again, “the social,” be it in the form of social value creating activity (Alter, 2007; Austin et al., 2006; Dees et al., 2002; Weerawardena and Mort, 2006), or social wealth enhancing activities (Zahra et al., 2008), or solving intractable social problems (Leadbeater, 1997; Light, 2008; Cochran, 2007), or catalyzing social change and addressing important social needs (Mair and Marti, 2006), or, finally, changing an unjust social equilibrium for a new stable equilibrium that ensures a better future for a group and even society at large (Martin and Osberg, 2007; Light, 2008). An important aspect of social entrepreneurship is that social change tends to be seen as “pattern-breaking” on a wide-scale, ideally national or global scales, but it is also recognized that changes that break entrenched harmful patterns even in small communities are also valid social entrepreneurship (Light, 2008). In this context, Light (2009) reminds us that even “the greatest ideas often start small, but eventually expand to break the social equilibrium.” (p.22) Finally, as with social innovation, social entrepreneurship is not confined

exclusively to a single sector, it can involve the nonprofit, business, or government sectors (Austin *et al.*, 2006).

In short, the two fields show (a) a close relation to the legacy fields of business innovation and entrepreneurship respectively, (b) a focus on social needs, problems, wealth, etc., and (c) an acknowledgment that social innovation and entrepreneurship can start and occur in various sectors: nonprofit, business, government and community sectors. Other scholars even include the household as a place for potential birth of social innovation (Leadbeater, 1997) Here the household is seen as part of the community sector.

2.2 Hybridity

As anticipated earlier in the Introduction, the existing literature on social innovation and entrepreneurship has tended to focus on single organizations from only two sectors: the social and forprofit sectors. In fact, various authors situate these organizations along a spectrum of different blends of social and profit-driven purposes and activities (Peredo and McLean, 2006; Alter, 2007; Emerson, 2003).

In the socially-driven part of the social-forprofit spectrum, the “social enterprise” is highly prominent. It broadly refers to that class of organizations pursuing social goals, at least partly, through trade and profit-making business. (Alter, 2007; DTI, 2002, 2003; Kasim and Hudson, 2006; Mason *et al.*, 2007; McCabe and Hahn, 2006; Thompson, 2002; Thompson and Doherty, 2006). Social enterprise, however, is an “umbrella” concept encompassing a variety of more specific hybrid social-forprofit organizational forms. Boschee (1995), for instance, distinguishes two types of social enterprises: “affirmative business” that provides jobs, competitive wages, and career opportunities for disadvantaged people (physically, mentally, economically, educationally); and “direct service business” that serves a disadvantaged population such as trouble kids, drug addicts, the terminally ill, etc. Another distinction is between “integrated” and “complementary” social entrepreneurship (Fowler, 2000). “Integrated social entrepreneurship” exists where the economic-value

activities of an organization directly and simultaneously generate social value or benefits. “Complementary social entrepreneurship” exists where the economic-value activities of an organization generate a source of cross-subsidy for social activities that are themselves not economically viable.

A particular form of social enterprise is the “social business” promoted by Nobel Prize Muhammad Yunus. These are profit-making businesses whose activities seek to improve the livelihood of the poor by tackling problems such as malnutrition as well as creating job and development opportunities. In this definition, Yunus’ social business can also be seen as an “integrated direct service” business. Yunus, however adds the feature that the social business’ profits are not used to provide dividends to investors, but are rather reinvested in the social business. Investors can at the most recover their investment in ways agreed with the social business. This would allow them to reinvest in the same or in another social business, while still keeping ownership in the original social business. (Yunus, 2007, p.22)

In the profit-driven sector the basic organization is not in dispute: it is the forprofit firm. Profits are the primary source of both the economic sustainability and social activities of firms, small or large, national or multi-national. As such, most of the attention on the organizational dimension of social innovation in the profit-driven sector has concentrated on the different forms of participation in social activities adopted by forprofit organizations (Alter, 2007; Hammond and Prahalad, 2004; Kanter, 1999; Peredo and McLean, 2006; Porter and Kramer, 2002, 2006; Prahalad, 2004; Prahalad and Hammond, 2002; Smith, 1994). This gives rise to variety of approaches, each with more or less integration between social-value activities and core profit-making activities. For instance, corporate social responsibility (CSR) is seen as producing the lowest integration between economic and social value. Here one finds approaches such as “good citizenship” that responds to moral appeals (Frederick, 1994, Porter and Kramer, 2006); “enhanced reputation and image” that pursues good branding and workforce pride (Porter and Kramer, 2006); and “corporate philanthropy” that uses CSR to improve competitive context (ibid.). Greater integration between economic and social value is given by approaches that seek to establish a strategic alignment of social-

value activities with the development of their core R&D capabilities and markets. Here one finds “corporate social innovation” (Kanter, 1999), “strategic philanthropy” (Smith, 1994) and “strategic CSR” (Porter and Kramer, 2006). Another approach of high integration is “for-profit philanthropy” where a full company division is tasked with pursuing philanthropic goals, employing a mix of methods from grant-making to internal research, as well as investments in other relevant companies (Reiser, 2008). Another approach is Muhammad Yunus’ “Social Business Type 2” (SB2), i.e, profit-maximizing businesses owned by poor people through shareholding. Here the social benefit comes in the form of dividends that help reduce or eliminate the poverty of shareholders (Yunus, 2007). Last but not least is the bottom-of-the-pyramid (BPO) approach that establishes full alignment between (a) one or multiple multinationals’ profit-making products, services, processes, business models, organization and governance and (b) the potential markets represented by the 4 billion of poor people that earn less than \$4 dollars a day (Hammond and Prahalad, 2004; Prahalad, 2004; Prahalad and Hammond, 2002). In practice, as indicated in the Introduction, it is likely that firms, particularly multinational corporations, implement blends of approaches in their participation in social innovation.

In the profit-driven sector, it is also important to note the new forms of social investing emerged in the financial sector. Social venture capitalists are also known as “venture philanthropists” and “philanthropreneurs” and they “apply market principles to their philanthropic efforts and view grant-making through a venture capitalist lens. They treat charity as “social investment” from which they expect to realize a measured social return (and often a financial return).” (Alter, 2007, p.9) In 2005, social investment represented \$2.3 trillion or nearly 10% of all managed assets in the U.S. (Cochran, 2007; Henderson, 2009). The investment activities of “social venture capital” (SVC) have added two new organizational types, one in the social sector that can be called SVC Type 1 (or SVC1), where social enterprises can trade operational control for financial support (Certo and Miller, 2008). The other is in the forprofit sector and can be called SVC Type 2 (or SVC2) because the “venture philanthropy” seeks financial return from investment in various social-value initiatives.

2.2.1 Social-forprofit Spectrum

The literature on social innovation and entrepreneurship has so far concentrated on the spectrum created by the social and forprofit sectors. However, there is awareness that this offers a limited understanding of the richness of hybridity in social innovation and entrepreneurship since others sectors and multi-organizational networks are simply missing in the current literature. Thus,

this two dimensional spectrum requires additional dimensions to capture the full richness of social entrepreneurship. First a public sector dimension needs to be added that recognizes institutional innovation such participatory budgets or carbon exchanges. Second, network models that combine organizations and individuals dynamically need to be mapped to recognize the extraordinary variety in different loci of control across socially entrepreneurial ventures. (Nicholls and Young, 2008, p.13)

Later, the paper seeks to advance these undeveloped multi-sector and multi-organizational aspects of hybridity. First, however, it discusses some of the social-forprofit hybrids spectra found in the literature. All these spectra deal with single-organizations only and can be distinguished by two interrelated aspects: (a) sector of emphasis and (b) organizing criterion.

For instance, Emerson (2000) places the emphasis on the forprofit sector and the main criterion used to classify organizations is investment. It proposes the “blended value” theory that sees all corporations and their investments as generating a new type of return that he calls Blended Return on Investment or Blended ROI. Bonini and Emerson (2005), however, introduce the criterion of *intentionality* to distinguish organizations and investors that are intentionally pursuing a blend of economic, social and environmental value and who are positioned somewhere between the nonprofit and forprofit sectors. They identify the existence of about five “silos” of practitioners and investors intentionally pursuing the maximization of blended value. The “silos” are relatively isolated from each other and are: corporate social responsibility, social enterprise, social investing, strategic-effective

philanthropy, and sustainable development (Emerson, 2003).

Most authors, however, place the emphasis on organizations that have as their prime mission the creation of social value, i.e., from the social sector. In this approach, the for-profit sector is commonly treated quite broadly, that is, with little detail for the different ways in which companies can play in social innovation. Elkinton and Hartigan (2008), for instance, propose a three-models spectrum for organizations from the social sector pursuing social and/or environmental goals not addressed by the market. The main criterion used to organize the spectrum is business models with emphasis on resource acquisition, particularly funding. Thus, model 1 is the “leveraged nonprofit,” model 2 is the “hybrid nonprofit,” and model 3 is the “social business.” Kelly (2009) also offers a three-category spectrum but this time the organizing criterion is the governance or architecture of “for-benefit organizations.” The three broad classes proposed are “stakeholder-owned companies” such as cooperatives; the “mission-controlled companies” and the “public-private hybrids.” The latter model includes both the “for-profit philanthropy” and Yunus’ SB Type 1 seen earlier. Note that Kelly’s three-category spectrum also uses the term “hybrid,” but it does so for only one of her governance-based categories. In addition, she includes “for-profit philanthropy” and Yunus SB Type 1 in this single category. Instead, this paper has treated “for-profit philanthropy” as part of the for-profit sector, and Yunus’ SB Type 1 as part of the social sector.

Tan *et al.* (2005) use the concept of “legal person” that includes individuals and organizations as social entrepreneurs. Their spectrum follows the criterion of motivation or purpose of social entrepreneurs, namely, whether the primary purpose is to profit society or to profit themselves. In turn, Nicholls (2008), structures his spectrum as “a dynamic continuum ordered by the range of available funding structures.” (p.13) This logic sees voluntary activism at the social sector extreme, and, corporate social innovation at the for-profit extreme. In between, Nicholls sees alternative social organizational types ordered according to the proportion of their operations that are self-funded; they are grant-funded, partially self-funded and fully self-funded. In the case of Alter (2007), the implicit criterion

or logic of the hybrid nonprofit-forprofit spectrum can be described as *the degree to which organizations from the social sector implement motivations and activities that broadly pertain to the main purpose of organizations in the forprofit sector and vice versa*. The resulting hybrid categories are: nonprofit with income generating activities, social enterprise, socially responsible business, and corporation practising social responsibility. For Alter (2007), both the social and the forprofit sectors have non-hybrid extremes that do not belong to the hybrid spectrum; they are the traditional non-profit and traditional for-profit. The argument in this paper pursues a similar logic to Alter's (2007) but it is generalized to cater for a multi-sector, multi-spectra situation.

Clearly the review of social-forprofit hybridity spectra just conducted reveals that there can be a variety of spectra, since there is no single, universally accepted set of criteria. In addition, different criteria tend to lead, on the one hand, to the identification of different organizational types and spectral orderings and, on the other, to different theoretical limitations to the challenge of advancing the conceptualization of hybridity from today's single two-sector spectrum to a multi-sector, multi-spectra framework of analysis. Take for instance Nicholls' hybrid spectrum ordered by "the range of available funding structures." This funding-oriented criterion tends to introduce a social-sector bias, since for social organizations the issue of funding models is really crucial, but this is not the case for organizations in the forprofit sector, since profits are assumed to be their source of self-funding. This is reflected in the fact that Nicholls' spectrum does not really identify a continuum in the forprofit sector, only an extreme that is probably the only one to be identified given the profit-based self-funding of all this sector. Ultimately, it is possible to say that the problem of the funding-oriented logic is that it introduces an ontological inconsistency in the social-forprofit continuum. Thus, while the social sector part of the continuum is structured around the criterion of fund acquisition (income or input), the forprofit sector part of the continuum is either not a continuum at all, as in the case of Nicholls (2008), or it is structured around the criterion of fund investment (expenditure or output) as in the case of Emerson (2003) and Bonini and Emerson (2005). Instead, what is required is a criterion that maintains an ontological uniformity across the social-forprofit spectrum and, indeed across all the spectra

resulting from the combination of social, forprofit, public and community sectors. Consider, for instance, the application of the funding-oriented criterion to the public sector. A similar limitation as for the forprofit sector tends to apply, since organizations in the public sector are traditionally seen as public-tax-funded with governments as an investor rather than a recipient of funding in social innovation. True, in the case of international aid, governments can also be the recipients of funds destined for social transformation (whether the latter eventually happens or not).

In this paper, the criterion is the purposes, motivations and activities played by organizations participating in processes of social innovation. In this respect, the best option is offered by the implicit criterion found in Alter's (2007) social-forprofit spectrum. For our multi-sectoral, multi-spectra purposes, however, there is a need to make this criterion more general. Thus, this paper, adopts the following criterion: *the degree to which organizations of one sector implement motivations and activities that broadly pertain to the main purpose of organizations in another sector.*

2.2.2 Multi-sector Spectra of Single-organization Hybridity

As seen, the focus on the social and forprofit sectors gives rise to a single two-sector spectrum of hybrid organizations (or 2 single-sector spectra for that matter). The addition of the "public" and "community" sectors expands from one to 6 the total number of these single two-sector spectra (or 12 single sector spectra). This is clearly a dramatic expansion of complexity that demands a very clear definition of the logic of hybridity to be applied to all sectoral spectra. As we have seen, without consistency of hybridity logic, the analysis would most likely degenerate quickly into confusion caused by what could become a mix up of criteria. In addition, let us remember that our primary concern is with processes of social innovation and the concrete forms of participation adopted by the organizations playing in them. Our concern is not the organization *per se* since, as argued earlier, a single organization may adopt different forms of participation in different processes of social innovation. This contrasts with all the approaches just reviewed that seem to treat

single organizations as if they play uniform roles in all the processes of social innovation in which they participate.

The criterion of hybridity adopted in this paper has already been mentioned: *the degree to which organizations of one sector implement motivations and activities that broadly pertain to the main purpose of organizations in another sector*. Note that the definition uses the word “broadly” and not “exclusively” because there are no rigid borders regarding the motivations and activities of organizations in different sectors, just a broad, historically-situated, concept of what motivations and activities different sectors are supposed to pursue. For instance, some societies have large welfare systems, while others have minimal welfare systems. This obviously affects the borders between the public sector and the other sectors. In our case, we follow the broad definitions given at the Introduction for each of the four sectors (social, forprofit, public and community sectors).

Table 1 shows the six two-sector spectra that emerge from the combination of four sectors rather than the two most commonly found (social-forprofit) in the existing literature. In fact, in Table 1, the social-forprofit spectrum is just the first and presents a more detailed content than other spectra found in the literature, since it has sought to integrate the various categories found in the above discussion on the social and forprofit sectors. The other five spectra are built following the model established by the first social-forprofit spectrum. Thus, they follow both the adopted criterion of hybridity and the broad sequence of categories used in the first spectrum of Table 1.

Table 1. Hybridity Spectra for Social, Forprofit, Public and Community Sectors

SOCIAL ORGANIZATIONS  FORPROFIT ORGANIZATIONS	
Some trading (small amount of trading to support social value activities)	Corporate social responsibility (CSR) (supporting activities of social value with little or no relation to core strategic activities of the corporation) Corporate philanthropy (alignment between social activity and
Substantial “complementary” trading (it produces surplus to cross-subsidize social activities)	Corporate social innovation (tackling social problems strategically aligned with corporation’s products/processes/ services)
-	For-profit philanthropy (full company division tasked with philanthropic goals, with direct access to the resources of all other divisions)
Integrated trading: “direct” or “affirmative” (the trading operation itself creates the social value. It can be “direct services” or “social firms”). “Social business” Type 1 (“non-loss, non-dividend	Integrated corporate social innovation (tackling social problems implying systemic innovation of one or multiple corporations’ products and business model, e.g., bottom-of-pyramid) “Social business” Type 2 (poor-owned profit-making concern).
SOCIAL ORGANIZATIONS  PUBLIC ORGANIZATIONS	
Some public service	Some social sector activities
Substantial “complementary” public service	Public-sector social innovation (tackling social problems strategically aligned with products/processes/services of public organizations)
Integrated: full public service (“direct” or “affirmative”) “Social business” Type 1	Integrated public-sector social innovation (catalytic) (tackling social problems implying systemic innovation of public organization (e.g., participatory budget)
SOCIAL ORGANIZATIONS  COMMUNITY ORGANIZATIONS	
Some community service	Some social sector activity
Substantial “complementary” services to communities or community organizations	Community social innovation (tackling social problems strategically aligned with products/processes/services of community organizations)
Integrated: “direct” or “affirmative” services to communities or community organizations “Social business” Type 1	Integrated community social innovation (tackling social problems implying systemic innovation of community organization)
PUBLIC ORGANIZATIONS  FORPROFIT ORGANIZATIONS	

Some trading to support public services	Public CSR (supporting activities of public-sector value with no relation to firm's core strategic activities) Corporate public philanthropy
Substantial "complementary trading" (cross-subsidy of public services)	Corporate public innovation
-	For-profit public philanthropy (company division tackling public sector problems, e.g., education, health)
Integrated trading: "direct" or "affirmative" (state owned)	Integrated corporate public innovation "Social business" Type 2
PUBLIC ORGANIZATIONS  COMMUNITY ORGANIZATIONS	
Some community service	Some public sector activity
Substantial "complementary" services to communities or community organizations	Community public innovation (tackling public-sector problems strategically aligned with products/processes/services of community organizations)
Integrated service: "direct" or "affirmative" services to communities or community organizations	Integrated community public innovation (tackling public-sector problems implying systemic innovation of community organization)
COMMUNITY ORGANIZATIONS  FORPROFIT ORGANIZATIONS	
Some trading	Community CSR Corporate community philanthropy
Substantial "complementary" trading (it produces surplus to cross-subsidize community activities)	Corporate community innovation
-	For-profit community philanthropy (company division tackling community problems)
Integrated trading (the trading operation itself creates the social value)	Integrated corporate community innovation "Social business" Type 2

When dealing with Table 1, it is important to keep in mind that the four sectors have porous borders and one can find overlapping, for instance, between the social-sector and the public-sector activities and services. Thus, a social organization may carry public activities with

the purpose of “complementary” income-raising (i.e., to cross-subsidize main activities). As it does so, however, it is likely that it will be equally engaging in activities of value for society as a whole or for disadvantaged groups. In this respect, “complementarity” is attenuated. The same is the case with the social sector and the community sector, which together configure what is known as the “civil society.”

2.2.3 Graphical Representation of the Six Two-sector Hybrid Spectra

Having developed Table 1, it is now possible to generate a graphical representation of the multi-sector, multi-spectra hybridity of single organizations. This representation is important since it enables the graphical positioning of the different forms of participation played by organizations in specific social innovations. In so doing, it enables the representation of the multi-organization, multi-sector alliances often found in social innovations.

Figure 1 shows the “wheel of social innovation hybridity” or “SI hybridity wheel,” a graphical instrument containing all *hybrid categories, spectra and sectors* found in Table 1. A *hybrid category* is one of the several organizational types making up a hybrid spectrum. In Figure 1, each of the “boxes” in the solid part of the wheel represents a category. A *hybrid spectrum* is one of the six two-sector spectra that result from the combination of the four basic sectors: social, forprofit, public and community sectors. Each hybrid spectrum is made up of two parts, each belonging to a different hybrid sector.

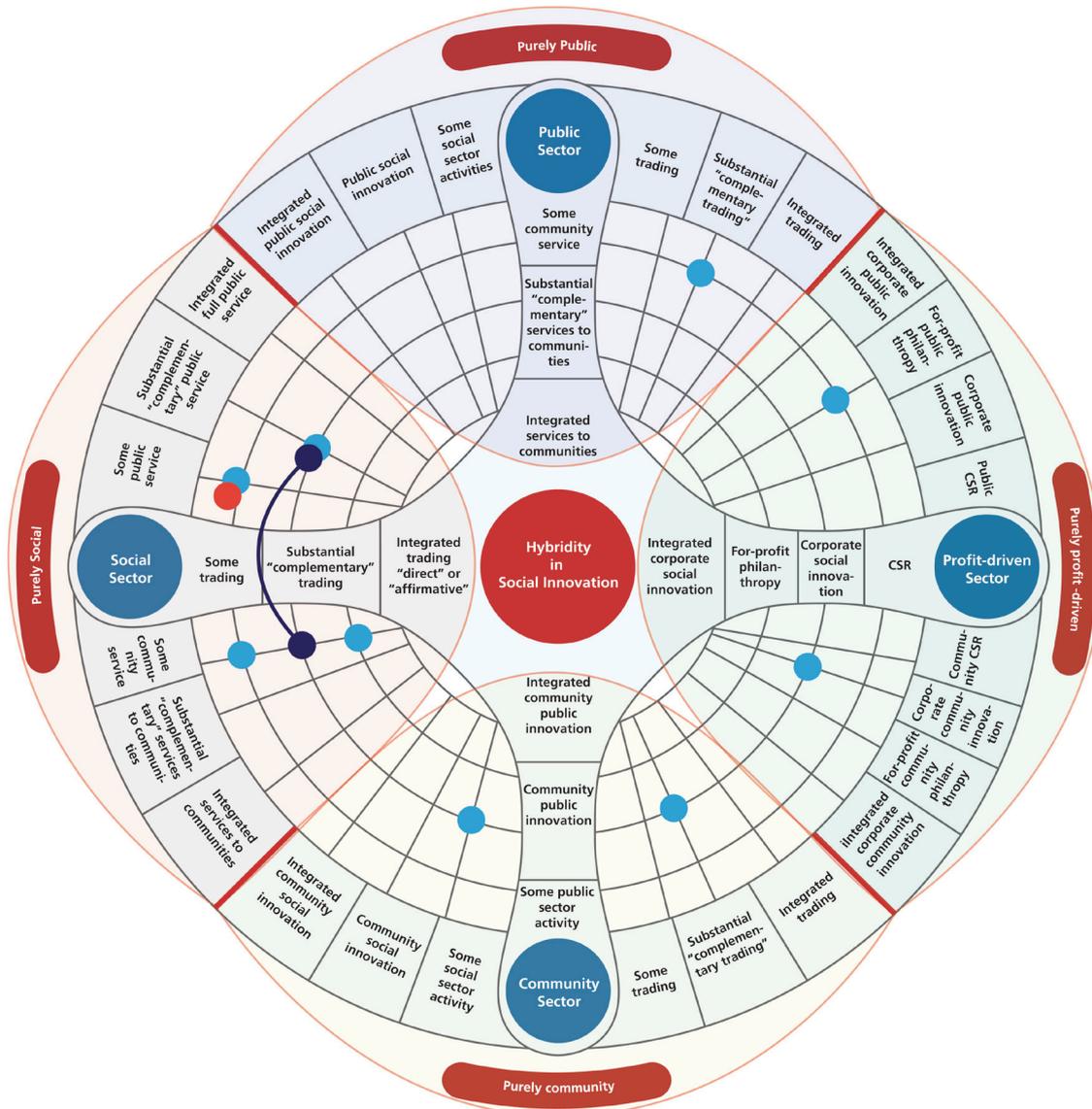


Figure 1. Wheel of Hybridity in Social Innovation (4 sectors)

In Figure 1, the set of boxes joining the extremes of any two sectors represents a spectrum. In turn, a *hybrid sector* is that space of hybridity existing around each one of the four sectors: social, forprofit, public and community sectors. Since each one of these sectors (e.g., the social sector) combines with the other three to create three full hybrid spectra (e.g., social-forprofit, social-public and social-community spectra) then, a *hybrid sector* is fully defined by those parts of the three hybrid spectra relating to it. In Figure 1, all the “boxes” and space contained inside the arch or parabola represents a hybrid sector. For instance, if the social sector is the reference or dominant sector, then the social hybrid sector is made up of the

social-forprofit, **social**-public and **social**-community parts of those full spectra. Figure 1 also contains a reference to non-hybrid organizations from each of the four sectors, placing them outside the main body of the wheel of hybridity to stress the fact that they are either purely social, purely forprofit, purely public or purely community organizations.

The SI hybridity wheel enables the positioning or mapping of the forms of participation of single-organization hybrids in social innovation, as defined by the motivation and activities they play. For this purpose, the form of organizational participation is treated as an organizational type and mapped onto the corresponding category, spectrum and sector. In this respect, a *single organizational type* contains one or many organizations of the same type, that is, they all exhibit the same form of organizational participation in a specific social innovation process. Note that a *single organizational type* does not necessarily equate to a *single hybrid category*, since, as seen above, an organizational type may implement or support activities that belong to categories from three or even all four sectors. Indeed, in the SI hybridity wheel these multi-sector organizational types are positioned in the inner spaces between the solid parts of the wheel. Organizations engaged in a single social innovation or in more than one social innovation may find that this is their case, with hybridity becoming, for instance, **social**-forprofit-public such as when a social-sector organization runs both some trading activity and some public-sector activity, or when a social-sector organization is engaged in both complementary public-sector activity and complementary trading activity.

The potential number of combinations involving the four sectors is large. Thus, one could also have cases of **social**-forprofit-community hybridity such as when a social organization runs both some trading activity and some community-sector activity or when a social organization engages in integrated trading and some community service; also, **public**-community-social hybridity such when a public-sector organization engages in both complementary community activity and some social activity; or **public**-community-forprofit such as when a public-sector organization engages in some community service and complementary trading; or **forprofit**-social-public hybridity such as when a corporation

engages in CSR along with corporate public innovation; or, **forprofit**-community-social such as when a corporation engages in both corporate community innovation and corporate social innovation; or **community**-public-forprofit such as when a community organization engages in community public innovation along with substantial complementary trading; or, **community**-public-social such as when a community organization engages in community public innovation and some social-sector activity. All these cases are represented by the single dots inside the inner spaces of the SI hybridity wheel. Instead, the two pairs of dots joined by lines represent cases of four-sector hybridity (**social**-forprofit-public-community), such as when a social-sector organization runs some trading activity, some public-sector activity and some community-sector activity, or when a social-sector organization is engaged in both complementary trading activity and complementary public-service activity along with some community-sector activity.

These more complex forms of single organization hybridity are likely to become more common with the increasing complexity and costs of social problems and the inability of non-hybrid sectoral organizations to respond effectively to them. The same reason is propelling the formation of strategic alliances by organizations from different sectors, thus underpinning the development of *multi-organizational hybridity*.

2.3 Multi-organizational, Multi-spectra Hybridity

So far the literature on social innovation and entrepreneurship has dealt mainly with single-organization hybrids from the social and forprofit sectors. The hybridity of social innovations, however, is often multi-organizational since inter-organizational network building across sectors is one of its key characteristics. In fact, Seelos and Mair (2005) point out that the “interfaces between SE [social entrepreneurship], CSR efforts, and public institutions offer great potential for discovering new forms of collaborative value creation in support of sustainable development.” (p.245). In turn, Mulgan (2007) argues that social innovation can be driven by politics and government, markets, movements, academia, or

social enterprise, and, he adds that many of the “most successful innovators have learnt to operate across the boundaries between these sectors.” (p.4) Likewise, Johnson (2000) points out that, “socially entrepreneurial activities blur the traditional boundaries between the public, private and non-profit sector, and emphasize hybrid models of for-profit and non-profit activities. Promoting collaboration between sectors is implicit within social entrepreneurship...” (p.1; also Peredo and McLean, 2006).

This calls for an extension of the concept of hybridity beyond its current primary application to single organizations, to cover the case of networks or alliances of organizations coming from any of the four sectors. This leads to the identification of social innovation alliances that may be, for instance, *multi-organizational types* inside *a single sector* or *multi-organizational types* inside two or more sectors (i.e., *multi-sector*). This sector-based multi-organizational hybridity leads to a similar characterization of hybrids as the one already identified for the six spectra of single-organization hybrids, in which various combinations are possible, such as “social-public,” “social-forprofit-public,” or “social-forprofit-public-community.” This time, however, the characterization helps differentiate, not single organizational types, but rather the multi-organizational types implied in the networks or alliances for social innovation.

Table 2 proposes a taxonomy of hybridity that decomposes the overall term “hybrids” into 13 families defined by levels of organizational hybridity that go from single hybridity (one-brids) to thirteenfold hybridity (thir-brids) depending of whether single or multiple organizational types, categories, spectra and sectors are involved. This classification enables a much finer characterization of the hybridity of different social innovations than has been the case so far.

Table 2. Levels of Hybridity in Multi-organizational and Multi-sector Analysis

Organizational Type	Hybrid Category	Hybrid Spectrum	Hybrid Sector
<i>Single Hybridity (or One-brids)</i>			
single	single	half	one
non-hybrid	out of wheel	out of wheel	two
<i>Double Hybridity (or Bi-brids)</i>			
single	multiple	half	one
single	multiple	two halves	one
multiple	multiple	half	one
multiple	multiple (one per half spectrum)	two halves	one
multiple	multiple (one per half spectrum)	two halves	two
non-hybrid	out of wheel	out of wheel	three
<i>Triple Hybridity (or Tri-brids)</i>			
single	multiple	three halves	one
multiple	multiple (one per half spectrum)	three halves	one
multiple	multiple (one per half spectrum)	three halves	two

multiple	multiple (one per half spectrum)	three halves	three
multiple	multiple (2 or more per at least half spectrum)	two halves	one
multiple	multiple (2 or more per at least half spectrum)	two halves	two
non-hybrid	out of wheel	out of wheel	four
<i>Quadruple Hybridity (or Qua-brids)</i>			
multiple	multiple (2 or more per at least half spectrum)	three halves	one
multiple	multiple (one per half spectrum)	four halves	two
multiple	multiple (one per half spectrum)	four halves	three
multiple	multiple (one per half spectrum)	four halves	four
multiple	multiple (2 or more per at least half spectrum)	three halves	two
multiple	multiple (2 or more per at least half spectrum)	three halves	three
<i>Quintuple Hybridity (or Qui-brids)</i>			
multiple	multiple (one per half spectrum)	five halves	two
multiple	multiple (one per half spectrum)	five halves	three
multiple	multiple (one per half spectrum)	five halves	four
multiple	multiple (2 or more per at least half spectrum)	four halves	two

multiple	multiple (2 or more per at least half spectrum)	four halves	three
multiple	multiple (2 or more per at least half spectrum)	four halves	four
<i>Sextuple Hybridity (or Six-brids)</i>			
multiple	multiple (one per half spectrum)	six halves	two
multiple	multiple (one per half spectrum)	six halves	three
multiple	multiple (one per half spectrum)	six halves	four
multiple	multiple (2 or more per at least half spectrum)	five halves	two
multiple	multiple (2 or more per at least half spectrum)	five halves	three
multiple	multiple (2 or more per at least half spectrum)	five halves	four
<i>Septuple Hybridity (or Sep-brids)</i>			
multiple	multiple (one per half spectrum)	seven halves	three
multiple	multiple (one per half spectrum)	seven halves	four
multiple	multiple (2 or more per at least half spectrum)	six halves	two
multiple	multiple (2 or more per at least half spectrum)	six halves	three
multiple	multiple (2 or more per half spectrum)	six halves	four
<i>Octuple Hybridity (or Oct-brids)</i>			

multiple	multiple (one per half spectrum)	eight halves	three
multiple	multiple (one per half spectrum)	eight halves	four
multiple	multiple (2 or more per at least half spectrum)	seven halves	three
multiple	multiple (2 or more per at least half spectrum)	seven halves	four
<i>Ninefold Hybridity (or Nine-brids)</i>			
multiple	multiple (one per half spectrum)	nine halves	three
multiple	multiple (one per half spectrum)	nine halves	four
multiple	multiple (2 or more per at least half spectrum)	eight halves	three
multiple	multiple (2 or more per at least half spectrum)	eight halves	four
<i>Tenfold Hybridity (or Ten-brids)</i>			
multiple	multiple (one per half spectrum)	ten halves	four
multiple	multiple (2 or more per at least half spectrum)	nine halves	three
multiple	multiple (2 or more per at least half spectrum)	nine halves	four
<i>Elevenfold Hybridity (or Ele-brids)</i>			
multiple	multiple (one per half spectrum)	eleven halves	four
multiple	multiple (2 or more per at least half spectrum)	ten halves	four

<i>Twelvefold Hybridity (or Twel-brids)</i>			
multiple	multiple (one per half spectrum)	twelve halves	four
multiple	multiple (2 or more per at least half spectrum)	eleven halves	four
<i>Thirteenfold Hybridity (or Thir-brids)</i>			
multiple	multiple (2 or more per at least half spectrum)	twelve halves	four

To start with, each of the 13 families distinguished by levels of hybridity can be formed in different ways given the possibility of combining organizational, spectral, and sectoral dimensions. Thus, Table 2 shows that *single organizational types* may have one, or two, or three levels of hybridity (one-brids, bi-brids or tri-brids) depending on whether they have activities that concern two or three spectra (e.g., a single tri-brid social organization would be positioned, say, in its dominant social sector and would carry out activities that relate to the other three sectors). It is worth stressing here that *single organizational types* belong to a single sector and this defines the maximum of three levels of hybridity (tri-brids). True, in some cases, they may show some elements of other sectors, as we shall see in the case of Grameen Bank, but these elements will not affect the criteria of hybridity chosen in this paper, therefore, they will not be considered when determining the hybridity levels of a single organizational type.

Instead, *multiple organizational types* may have from two to thirteen levels of hybridity depending on whether they belong to multiple categories inside a single spectrum and single sector (bi-brids), or, they belong to multiple categories and multiple spectra in all four hybrid sectors (thir-brids). In addition, Table 2 shows that non-hybrid, purely sectoral, organizations can also produce hybridity as they combine at the multi-sector level. Thus, non-hybrid organizations from two different sectors produce single hybridity (one-brid),

from three different sectors produce double hybridity (bi-brid), and from all four sectors produce triple hybridity (tri-brid). In this way, these organizations are non-hybrids at the level of single-organization, single sector, but they may form part of a multi-organization, multi-sector hybrid.

Table 2 shows 54 hybrid combinations out of the various possibilities offered by each of the 13 levels of hybrid families, and there may be others not included in the table. Thus, the “single-hybridity” level can be made up in two ways: (a) by one or many organizations positioned inside a single category in one of the four hybrid sectors, e.g., social organization/s practising “some trade” in the social sector (see 1st row in one-brid family); or (b) by non-hybrids belonging to two different sectors (see 2nd row in one-brid family).

“Double-hybridity” can be formed in six ways, including (a) by a single organizational type from different categories of hybridity inside half-spectrum in one sector, eg., “CSR” and “corporate social innovation” inside the forprofit sector (see 1st row in bi-brid family); (b) by single hybrid organizations positioned inside two half-spectra in one sector, e.g., a **social**-forprofit-public hybrid (see 2nd row in bi-brid family), (c) by multiple organizational types from different categories of hybridity inside half spectrum in one sector, e.g., “substantial complementary trading” and “affirmative integrated trading” inside the social sector (see 3rd row in bi-brid family), and (d) by multiple organizational types coming from a single hybrid category from each of two sectors, e.g., “substantial complementary trading” and “corporate social innovation” inside the social and forprofit sectors respectively (see 5th row in bi-brid family).

The other levels of hybridity (from triple to thirteenth) follow the same pattern in a progressive logic leading to the combination of multiple organizational types inside all categories and spectra of all four sectors distinguished in the paper. For instance, the quadruple level of hybridity involving multiple organizational types, categories and spectra from two sectors has 6 possibilities, including the following combinations: (a) “some trading,” “affirmative integrated trading” and “some public service” organizations from the social sector, combined with “CSR” and “corporate social innovation,” from the forprofit sector (see 5th row in qua-

brid family). Finally, the thirteenth level of hybridity would see the participation of multiple organizational types, categories and spectra from all four sectors.

The wheel of SI hybridity can be used to illustrate or map multi-organization, multi-sectoral social innovation alliances. Figure 2 does so by shifting the perspective of the wheel of SI hybridity in such a way as to allow a distinct visualization of the resulting multi-sector hybridity.

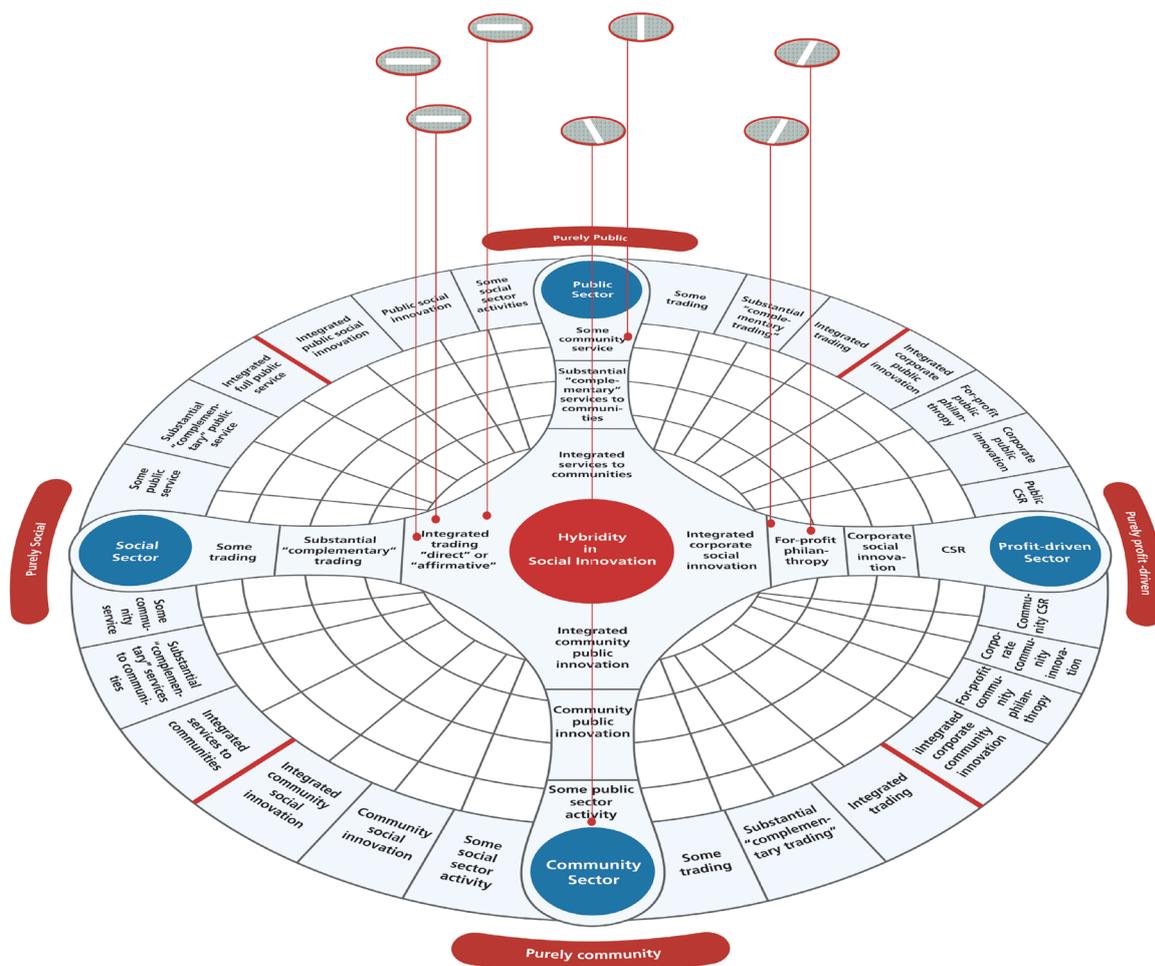


Figure 2. Multi-organization, Multi-sector Hybridity in Social Innovation

Thus, the example in Figure 2 shows an alliance made up of (a) three single-organization hybrids from the social sector, all of them practising integrated trading; (b) two single-organization hybrids from the profit-driven sector, both practising forprofit philanthropy; (c) one hybrid from the public sector practising some community-sector activity; and (d) one from the community sector practising some public-sector activity. Considering the

classification of levels of hybridity of Table 3, the example of social innovation alliance of Figure 2 would be a “quadruple hybrid” or a “qua-brid” (see fourth row under qua-brid family, remembering that a single hybrid category can have one or many organizations).

Finally, before closing the discussion on the use of the wheel of SI hybridity to represent social innovations networks or alliances, there are a few points to add.

First, the position of single-organization hybrids inside the wheel is not static. It may change in time, for instance, when a social-sector organization evolves from the status of “some trading” to “substantial complementary trading”, or, when a profit-driven organization evolves from “CSR” to “corporate social innovation.” It is also possible that purely sectoral organizations outside the wheel of hybridity evolve towards the inside of the wheel by adopting activities associated with sectors other than that to which they belong, for instance, a purely forprofit corporation adopting a policy of CSR, or, a traditional non-profit starting trading activities. This dynamism, however, is much more likely to be intra-sectoral than inter-sectoral given that a change of sector implies a fundamental transformation for an organization. Indeed, even intra-sectoral shifts are not easy.

Second, as anticipated earlier, the borders of fields of activity of different sectors are not static either. They depend, for instance, on public policies and companies’ policies regarding investments with social impact. Thus, the retreat of the state during the last two decades of the previous century saw a marked tendency to growth of the social sector, community sector and social activities of the profit-drive sector. Similarly, if the profit-driven sector were to succeed in reducing social problems such as poverty, for instance, by developing the markets of the “bottom of the pyramid,” then this area would tend to diminish for the social sector.

Third, it is worth noting that real life does not lend itself easily or ever to theoretical constructs and this is also the case for the constructs of Tables 1 and 2 and Figures 1 and 2. Thus, two points are important: (a) applications are required to test their validity and usefulness, and

(b) flexibility is required in case of need for adaptation.

Next, the paper seeks to apply the theoretical constructs to a rich empirical case, namely, the Village Phone social innovation in Bangladesh and we shall see that the distinction of various families of hybrids along with the wheel of SI hybridity helps to perform a more detailed characterization of the type of hybridity and conflicts involved in this particular social innovation.

3 The Village Phone Social Innovation

This section applies the theory developed above to the experience of the Village Phone Social Innovation, the most successful large-scale implementation of mobile phone telephony to the poor rural area of an entire country: Bangladesh. The discussion looks at the value-creation model of the Village Phone social innovation, the type of hybridity in the VP social innovation and, finally, how the hybridity is reflected in the contending visions and conflict inside the social innovation.

3.1 Snapshot of Value-Creation Model of the Village Phone Social Innovation

Figure 3 provides an overview of the different players and their relationships in the overall value-creation network that has taken mobile telephony to rural Bangladesh. The sub-set of key players directly involved in the value chain that reaches the millions of final consumer in the rural villages of Bangladesh is called here Village Phone Strategic Alliance (VPSA). They are shown in black ovals in Figure 3 and they are briefly described in Table 3, while those players less directly involved in the success of the social innovation are shown in lighter-shaded ovals in Figure 3.

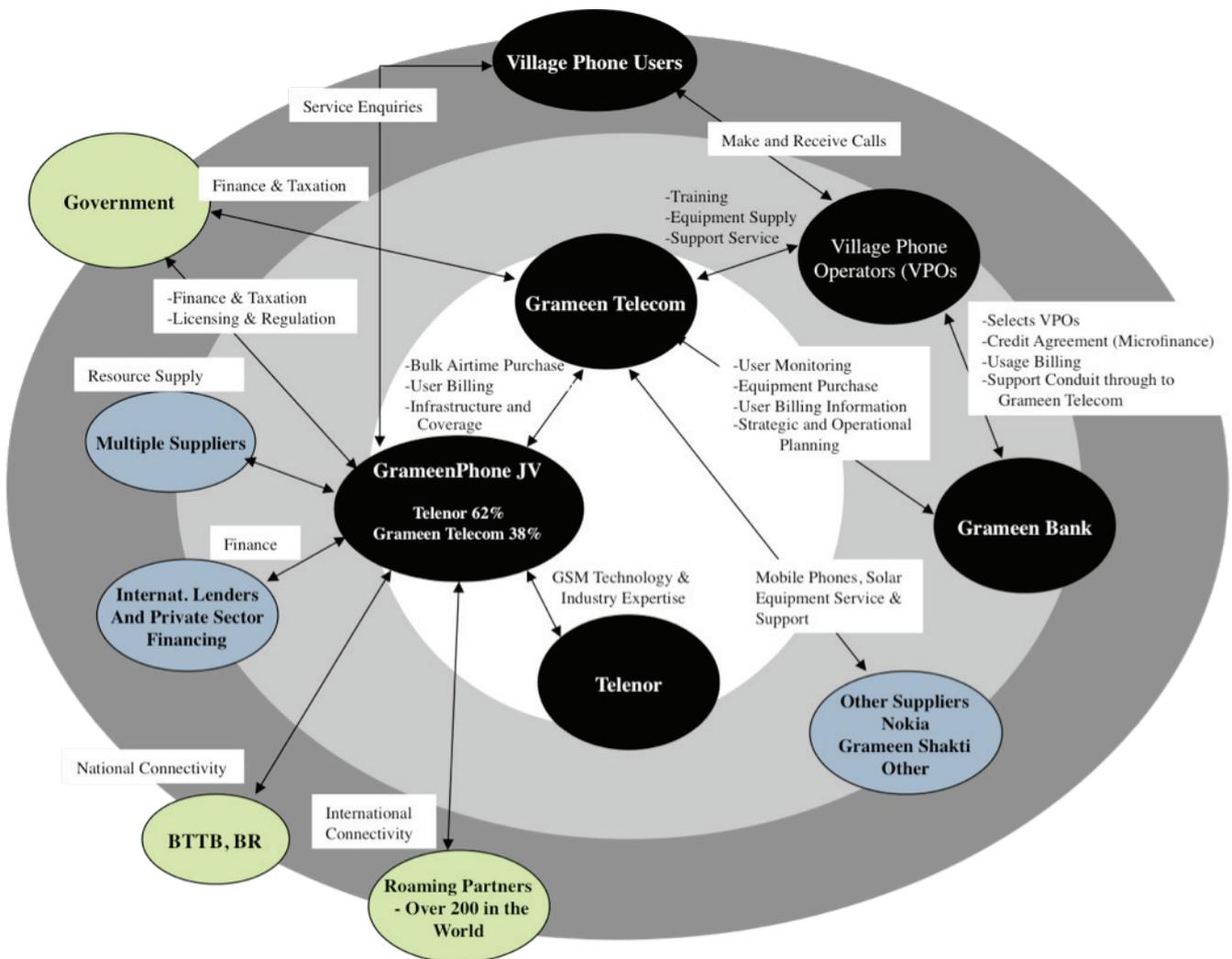


Figure 3. Village Phone Strategic Alliance – Operational Roles Inside the Overall Mobile-Telephony Value Network

Source. Based on Keogh and Wood (2005), OECD (2004)

Table 3. Players in the Village Phone Strategic Alliance

Partners in the Core GrameenPhone JV (first layer in Figure 2)

GrameenPhone is the largest telecommunications service provider of Bangladesh with about 20 million subscribers in June 2008. GrameenPhone operates in urban and rural areas establishing and maintaining the GSM telecommunications infrastructure. It is a for-profit joint venture owned by two institutional shareholders: Telenor (62%) and Grameen Telecom (38%).

Telenor ASA is Norway's leading telecommunications company and a leader in GSM (Global System Mobile) technology (www.gsmworld.com). It is listed in the Oslo Stock Exchange and Nasdaq since 2000 and the Norwegian State holds 54% of the shares as of March 2005. (Telenor, N.D.) Telenor is a for-profit, dividend-paying, company with a long-established CSR policy.

Grameen Telecom (GTC) is a non-profit organization established at the initiative of Grameen Bank. Grameen Telecom's developmental mission includes: (1) initiating a new income generating option for the villagers; and (2) bringing the full potential of the Information Revolution to the Villagers using the telephone as a weapon against poverty. (GrameenTelecom, 2006, N.D.) As Figure 2 shows GTC buys bulk airtime from GrameenPhone and provides training, equipment supply and support services to the VPOs.

VP Alliance Members External to the GrameenPhone JV (second layer in Figure 2)

Grameen Bank was founded in 1976 by Muhammad Yunus, who has championed microcredit (Grameen Bank, N.D.) without collateral as a tool against poverty and for socio-economic development of poor areas. GB is socially-driven, for-profit organization, whose equity is owned 94% by the poor borrowers of the bank who are mostly women; the remaining 6% is owned by the government. (Grameen Bank, 2009a). GB declared dividends to their shareholders for the first time in 2006. Along with its microcredit operation, GB has an extensive social programme to support borrowers to get permanently out of extreme poverty. This includes "monitoring the education of the children (Grameen Bank routinely gives them scholarships and

Village Phone Operators (VPOs) are the direct mobile telephony service provider to the people in rural Bangladesh. They play an essential distribution role in the value chain by servicing the end user and collecting the payments that enable them to pay their own suppliers, while earning a profit that helps them to get out of extreme poverty. The VPOs are mostly females, hence they are also known as Village Phone Ladies (VPLs).

VPUs Realizing the Rural Purpose of the VP Alliance (third layer in Figure 2)

Village Phone Users (VPUs) are the millions of Bangladeshi citizens consuming the mobile telephony service made possible by the other members of the VP strategic alliance. It includes the millions of poor people living in rural Bangladesh who cannot afford to buy a mobile telephone.

All players in the overall value-creation network that includes the VP strategic alliance are spread across 3 layers in Figure 3. The inner layer (white oval) contains the GrameenPhone joint venture at the core of the VP strategic alliance. Here three organizations are closely related to each other through ownership (equity) arrangements and complementary roles

in the value-creation model. These are the GrameenPhone JV itself and its two current shareholders Grameen Telecom (GTC) and Telenor. The technical partner is clearly Telenor, which provides the GSM telecommunications technology and industrial expertise to GrameenPhone. Telenor is also the majority shareholder of GrameenPhone with 62% of the shares. In turn, Grameen Telecom holds 38% of GrameenPhone shares and it is the conduit to the poor rural villages through its close association with Grameen Bank, owner of a widespread network of microcredit offices across rural Bangladesh. GrameenPhone JV on its own is capable of servicing the urban subscribers, but not the mass of people in rural Bangladeshi villages, where incomes are very low and few people can afford to buy a mobile telephone. For the cellular telephony service to reach the villages, the rural network of Grameen Bank/Grameen Telecom is required to fund and train the Village Phone Operators (VPOs) (intermediaries) who are the real direct service providers to the final market of Village Phone Users (VPUs). The VPOs are also known as Village Phone Ladies (VPLs) since most of them are women. In Figure 3, Grameen Bank and the VPOs are found in the second layer (middle lighter-shaded oval) external to the joint venture but essential to the value chain leading to the Village Phone Users (VPUs) found in the third layer (outer darker-shaded oval). In the second layer are also found organizations that act as financial and equipment suppliers to the GrameenPhone JV and to Grameen Telecom, including the supplier of the mobile telephones for the VPOs. Neither Telenor nor Grameen Telecom are suppliers of telecom equipment and they buy from suppliers such as Nokia.

Finally, in the outer third layer, along with the village phone users (VPUs), Figure 3 also places those players with which the GrameenPhone network must maintain interconnectivity such as the fixed telephony network of the national telecom company BTTB (Bangladesh Telegraph and Telephone Board), the fibre optic network of Bangladesh Railways (BR), the other private cell-phone service providers and the roaming partners that enable international connectivity. The government is also in the third layer as provider of the licence to operate the cellular telephony service in Bangladesh.

3.1.1 Workings of the Value-creation Model of VP Social Innovation

At the heart of the social innovation taking mobile telephony to the poor in rural Bangladesh is a novel value-creation model that creates a win-win situation for all the players involved.

It works as follows:

GTC has an understanding with GrameenPhone whereby GTC purchases airtime in bulk for all the VPs [village phones] in operation. GP prepares the monthly bills and send these for payment. GTC prepares individual bill in Bengali, the local language and send these bills to the corresponding Grameen Bank branches with a bill summary for a particular branch. Grameen Bank collects the VP bills along with its other dues. The concerned Grameen Bank branch pays the bill to GTC within the last date of payment. (Grameen Telecom, 2006) ... [In addition] ... Grameen Bank provides loans to the Village Phone Operators to buy the hardware equipment from Grameen Telecom. (Keogh and Wood, 2005, p.72)

This model has successfully served the purpose of creating a mobile-telephony service for the entire Bangladeshi territory, that is, a service not just for the urban markets of people who could afford to buy a personal cellular phone but an inclusive service simultaneously addressing the rural markets of the “bottom of the pyramid” in Bangladesh. In the process, millions of poor people living in the rural villages have reaped the developmental, social and economic benefits made possible by the new telecommunication infrastructure. Table 4 provides a summary of these benefits, as reported by various observers and commentators on the social innovation.

Table 4. Reported Socio-economic Benefits of Village Phone Social Innovation	
Development	
<ul style="list-style-type: none"> □ Effective strategy to bring telecommunication connectivity to rural Bangladesh, thus increasing teledensity and helping the poor lift themselves out of poverty. □ Creation of a business model sustainable for all participants and enabling both profit-making and social and developmental achievement. □ Fostering the emergence of thousands of phone micro-entrepreneurs, spreading a business culture among poor people. 	

Village Phone Ladies - VPLs
<p>Economic and Social Benefit</p> <ul style="list-style-type: none"> □ VPLs can develop as micro-entrepreneurs, running their own business and turning a profit. On average they earn a net daily profit of USD 2, more than double the per capita income in Bangladesh. □ Some creative and entrepreneurial users of the technology identify new business opportunities, including the resale of information to others in their communities. □ Ownership of phones and the consequent increased income and standard of living tend to raise the empowerment and social status of phone-ladies and their households.
Village Phone Users, including VPLs
<p>Economic and Social Benefits</p> <ul style="list-style-type: none"> □ Substantial reduction of cost of communicating information, associated with savings of time and transport costs, as well as with more timely and speedy conveyance of information. □ Better access to information helps improve both villagers' productivity and prices for their goods. □ Major reduction of the risks involved in remittance transfers, and possibility of obtaining accurate information about foreign currency exchange rates.

Source. Aminuzzaman et al., 2003; Bayes et al., 1999; Bayes, 2001; Chowdury, N.D.; Cohen, 2001; OECD, 2004; Richardson et.al., 2000.

Having described the players, relationships and workings of the Village Phone social innovation, the paper can now use the “SI hybridity wheel” to characterize the type of hybrid it represents.

4.2 Hybridity in the Village Phone Social Innovation

Table 5 gives the role of each of the main players in the VP social innovation. Figure 4 positions each of the players in the “wheel of social innovation” (plain lines). It also reproduces the relationships in the value-creation model of the social innovation (arrows). Note that this version of the SI wheel has expanded the categories “integrated trading” and “integrated corporate social innovation” in the social-forprofit spectrum to allow for a more detailed characterization of the role of players in the Village Phone social innovation. Thus “integrated trading” in the social side of the spectrum contains three sub-categories: “social firms” (or “affirmative trading”), “direct services” with its special case of Yunus’ “social business type 1” (SB1), and “social venture capital type 1” (SVC1). On the other hand, “integrated corporate social innovation” contains two sub-categories: “bottom of the pyramid” (BoP) businesses, with its special case of “social venture capital type 2” (SVC2); and Yunus’ “social business type 2” (SB2)

Table 5. The Role of Players in the Village Phone Social Innovation

Partners in the GrameenPhone JV

GrameenPhone (GP) implements a BoP form of “integrated corporate social innovation” in the VP social innovation by having joined from its birth a novel business model that tackles a social problem strategically aligned with the company’s core telecommunication service and product. GrameenPhone also applies a CSR policy of funding socially useful projects in Bangladesh. The company sees itself as following an “ethical and responsible corporate behaviour, as well as a commitment towards generating greater good for the society by addressing the development needs of the country.” (GrameenPhone, N.D.)

Telenor implements “corporate social innovation” while simultaneously keeping a link in the public sector in the category “integrated trading.” The position of Telenor in “corporate social innovation” is the result of both (a) its fundamentally profit- and market-based governance and (b) its provision of investment, technology and expertise to a partnership that tackles a social problem strategically aligned with the company’s core telecommunication service. On the other hand, the link to “integrated trading” in the public sector is the result of both (a) the Norwegian State’s majority ownership of the company, and (b) its market-based, dividend-paying operation with quotation in the Oslo Stock Exchange and Nasdaq. The public sector connection is interesting since the majority ownership by the Norwegian State might be interpreted as Telenor belonging to the public sector rather than the forprofit sector. It could be positioned in the category “public social innovation” inside the public-social spectrum for the particular case of the VP social innovation. Telenor, however, is fundamentally profit- and market-driven and it is better understood as part of the forprofit sector, especially as the company’s participation in the VP social innovation was part of a much larger profit-driven operation in the urban areas of Bangladesh. Nevertheless, as we shall see below, the relation with the Norwegian public sector seems to play a relevant role in Telenor’s initial acceptance to invest in the VP social innovation at a time when all other telecommunications companies approached had refused the venture.

Grameen Telecom (GTC) implements “direct integrated trading” by generating an “earned income” through activities contributing directly to the inclusion of millions of poor people in rural Bangladesh in the benefit of telecommunications infrastructure and more recently Internet.

Grameen Bank (GB) implements “direct integrated trading,” with two peculiarities. First, the bank carries activities such as education that can be conceived as belonging to the public sector. In this case, however, the bank does not derive any earned-income from these activities, rather the bank subsidize them using part of the income generated by its “direct integrated business” of banking services. Second, the bank has an element of “social business type 2” (for-profit sector) given that poor people hold 94% of the bank’s shares and receive dividends. The bank however was created primarily to help the poor and not to maximize profits as the traditional banks. This makes it part of the social sector rather than the forprofit sector for the purposes of hybridity.

Village Phone Operators (VPOs) are a kind of “social firms” or “affirmative integrated trading” since they sell telephony in the rural villages of Bangladesh to earn a small profit that helps them to get out of extreme poverty. In other words, by turning into micro-entrepreneurs, the VPOs are simultaneously the beneficiaries of the VP social innovation.

Village Phone Users (VPUs) are the beneficiaries of access to mobile telecommunications which facilitates interactions of social and economic value (see Table 5)

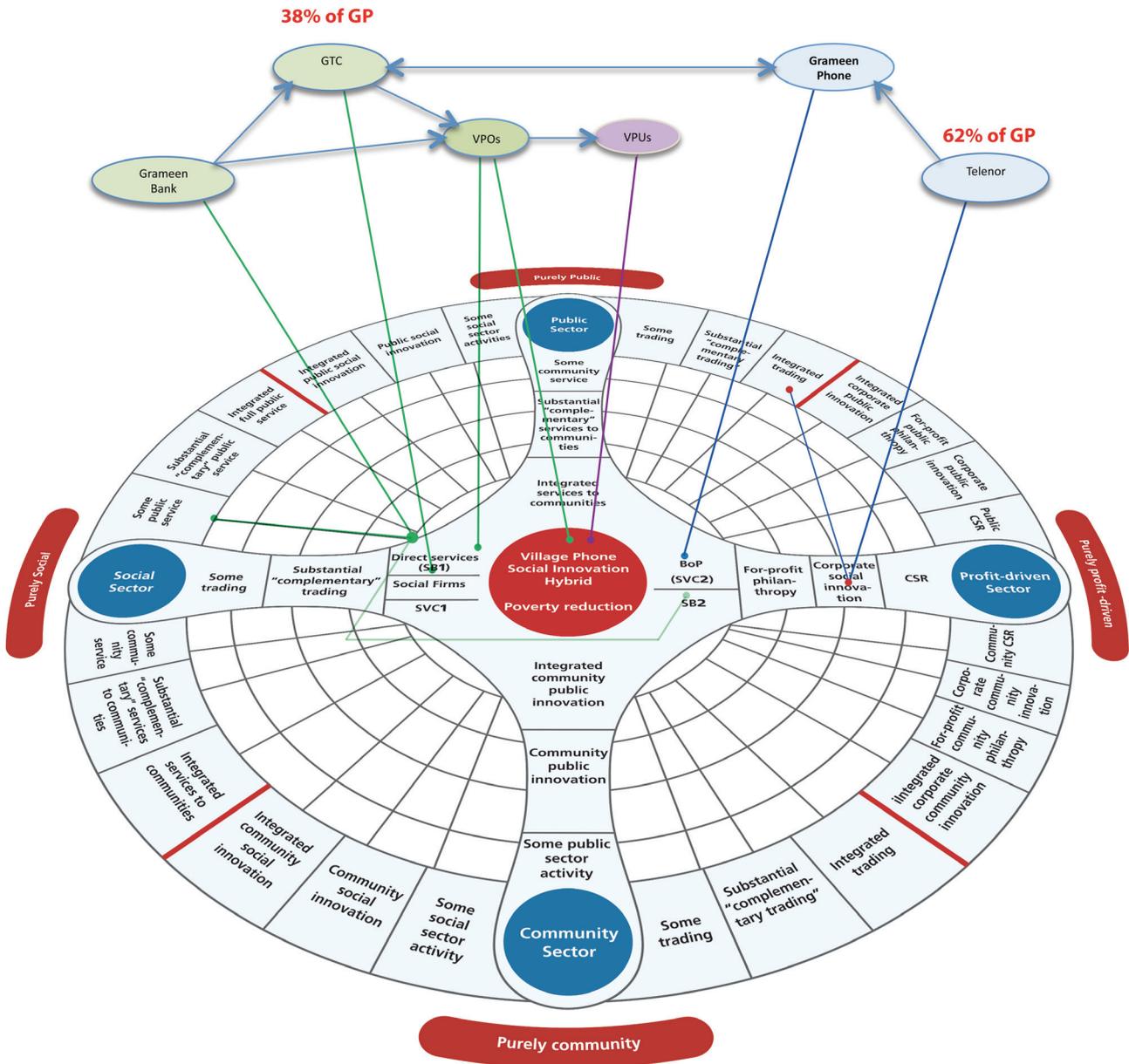


Figure 4. Positioning of Main Players on the Wheel of the VP Social Innovation

As transpires from Table 5, Grameen Bank has the richest hybrid positioning by having presence in two spectra of the social sector, namely, as “direct integrated trading” in the social-forprofit spectrum and “some public service” in the social-public spectrum (although without income). In addition, Grameen Bank is also reminiscent of “social business type 2” in the forprofit sector. As Yunus says:

Grameen Bank would be a regular PMB (profit-maximizing business) if it were owned by well-off investors. It is not. Grameen Bank is owned by the poor: Ninety-four percent of the ownership shares of the institution are held by the borrowers themselves. ... Thus, Grameen Bank is a social business by virtue of its ownership structure. (Yunus, 2007, p.30)

This hybrid position of Grameen Bank on the SI hybridity wheel is represented by the dot at the intersection between “direct services” in the social sector and “some public service & income” in the public sector. At the same time, Grameen Bank’s element of “social business type 2” (SB2) is represented by the line that joins the dot already indicated with that of SB2. For the purposes of the bank’s levels of hybridity, however, this element of SB2 does not have an effect since the bank is squarely within the social sector, and it is from this dominant sector that the levels of hybridity are determined for single organizational types such as the Grameen Bank. Suffice to remember that the hybridity criteria adopted in this paper is *the degree to which organizations of one sector implement motivations and activities that broadly pertain to the main purpose of organizations in another sector*. Hence a single organization playing in a single social innovation cannot belong to two or more hybrid sectors simultaneously.

The VPOs and Telenor hold the second richest positioning in Figure 4. The VPOs are simultaneously “social firm” micro-entrepreneurs as well as beneficiaries of the VP social innovation along with the VPU; this is represented by the two lines that go from the VPO oval to the dots on “social firms” and at the centre of the diagram respectively. In turn, Telenor belongs to the forprofit sector in the category of “corporate social innovation,” since its activities in the VP social innovation are (i) fundamentally profit- and market driven, (ii) strategically aligned with its core business and (iii) intermediated by the GrameenPhone JV. At the same time, Telenor has a relation to the public sector as a result of the Norwegian state’s majority ownership of the company. This relationship is represented in Figure 4 by the line that goes from the dot in “corporate social innovation” in the dominant forprofit sector to “integrated trading” in the public sector. We shall see that this relation to the public sector, although not adding another level of hybridity in accordance with the chosen

hybridity criterion of this paper, suggests an explanation of the initial acceptance of Telenor to join the VP social innovation.

The other organizations are all positioned into a single organizational category, GTC in the social sector with “direct integrated trading,” and GrameenPhone in the for-profit sector, within the BoP sub-category of “integrated corporate social innovation.”

Applying the taxonomy of hybridity of Table 2, the VP social innovation exhibits the following types of hybridity at the levels of single organization, single sector and multi-sector (Table 6).

Table 6. Types of Hybridity in the VP Social Innovation	
Single Organization	
<i>GrameenPhone</i>	Single hybridity (forprofit one-brid) involving forprofit-social spectrum See 1 st row in one-brid family.
<i>Telenor</i>	Single hybridity (forprofit one-brid) involving forprofit-social spectrum, with relation to category within the public sector See 1 st row in one-brid family.
<i>Grameen Telecom</i>	Single hybridity (social one-brid) involving social-forprofit spectrum See 1 st row in one-brid family.
<i>Grameen Bank</i>	Double hybridity (social bi-brid) involving social-forprofit and social-public spectra, with relationship to category within the forprofit sector See 2 nd row in bi-brid family.
<i>VPO Micro-enterprises</i>	Single hybridity (social one-brid) social-forprofit spectrum See 1 st row in one-brid family.

Single Sector	
<i>Social sector</i>	Double hybridity - “social firm” and “direct services” and “some public service” (2 social one-brids and 1 social bi-brid) See 4 th row in bi-brid family.
<i>Forprofit sector</i>	Double hybridity - “integrated corporate social innovation” and “corporate social innovation” (2 forprofit one-brids from different categories) See 3 rd row in bi-brid family.
Multi-sector	
Quadruple hybrid (qua-brid): social and forprofit sectors, three half-spectra (two social one-brids, two different forprofit one-brids, and one social-forprofit-public bi-brid) See 5 th row in qua-brid family.	

At the level of the single organization, there are four organizations with single hybridity (one-brids) inside the social innovation: Grameen Phone, Telenor, Grameen Telecom, and VPO microenterprises. Instead, Grameen Bank is characterized as double hybrid (bi-brid) in recognition of its additional activities related to the public sector (i.e., single organization, two half-spectra). At the level of single sector, the forprofit and social sectors exhibit double hybridity (bi-brids) since they have two or more organizations belonging to different categories inside at least one of the sectors; in addition, in the case of the social sector, this double hybridity is reinforced by the fact that one organization, Grameen Bank, is also a bi-brid. Finally, at the multi-sector level, the VP social innovation can be characterized as quadruple hybrid (qua-brid) since it is made up of multiple organizations belonging to different hybrid categories inside at least one of the three half-spectra involving two sectors: social-forprofit and social-public sectors.

In a nutshell, given Telenor dominance of the GrameenPhone joint venture, the VP social innovation can be described as a “forprofit-dominated multi-sector quadruple hybrid.” Now, we shall see that this characterization is not simply theoretical, it also helps us to understand the concrete practice and results of the social innovation, and the conflicts that have affected its development.

4.3 Hybridity and Contending Visions in the VP Social Innovation

The final shape of the VP social innovation and hence, the type of benefits accruing to the poor, is a matter of dispute by two contending visions. The players involved are Grameen Bank/Grameen Telecom (GB/GTC), on the one hand, and Telenor with its majority shareholding of GrameenPhone, on the other. The roots of the dispute go back to the very beginning of the formation of the GrameenPhone joint venture and are intimately related to the nature and positioning of the players on the “wheel of the VP social innovation” (see also Tables 5 and 6).

The formation of GrameenPhone was the result of a negotiation process in which both GB/GTC and Telenor started with a claim for majority shareholding. It must be considered that Telenor was the only major telecommunications company to take up the idea of investing in the Village Phone Programme. Several other companies were first consulted by Iqbal Quadir, the person who first promoted the vision of the VP social innovation, and they did not see profitability or a role in helping the development of rural Bangladesh. Telenor saw it differently through the eyes of its then CEO, Tormod Hermansen, a person with a tradition in the public sector and development issues, having worked at the UN and for the Norwegian government. He recalls:

“I think I wanted to participate because I share an interest with Quadir in combining development with doing business. I’m interested in bottom-up development and saw in this an effective way to help a population to move forward.” (Quoted in Visscher, 2005)

It is plausible to suggest that, on this occasion, the public sector element of Telenor played an influential role in the decision to enter the VP programme. Of course, it is worth keeping in mind that the overall mobile-phone venture for Telenor was primarily profit-driven, since the cellular service was, first of all, for the profitable urban areas of Bangladesh. The VPP was a small but significant proportion of the overall venture and it was also useful to win one of the licences from the government.

Telenor prevailed in its position to take the majority shareholding of the GrameenPhone joint venture created to exploit the licence in both urban and rural Bangladesh. It could hardly be otherwise since the Norwegian company was the only partner with expertise in mobile telephony. It was also taking a greater financial risk. GTC(GB)'s aspiration to become the majority shareholder of GrameenPhone, however, did not disappear altogether. As part of the consensus-building process, it was deferred to the future through a promise included in the shareholders agreement in the form of Telenor's declared intention to reduce its equity from 51% to 35% within six years from the incorporation of GrameenPhone.² (Telenor Invest *et al.*, 1996) As Burr (2000) explains:

Telenor and GT will actually switch ownership positions: Grameen Telecom will sell its 35% share to Telenor and Telenor will sell its 51% share to Grameen Telecom, which will thus become the dominant partner and true manager of the system. (p.4)

Furthermore, this step would open the way for a dramatic transformation of the governance of the entire village phone strategic alliance and not just the governance of the joint venture. As Yunus explained in an interview:

Within six years Telenor (the majority owner of GrameenPhone) will reduce its holdings by 35%. Grameen Telecom will set up a mutual fund to buy those shares. Then we will sell shares in the mutual fund to Grameen Bank borrowers, who will become part owners of GrameenPhone. ... [The reason is that] ... As long as our borrowers are capable of working and generating enough income to take care of themselves, they're okay. But as they get older or become disabled, they become helpless. They become dependent on their children. We want to reduce that dependence. These shares will be a protection mechanism, a retirement fund. (*FastCompany Magazine*, 1997, p.60)

This vision would imply an important shift of ownership and position of GrameenPhone in the "SI wheel," as shown in Figure 5. First, the VPOs would become part owners of

² Telenor took 51% share and GTC 35% because initially there were two other players, Gonofone Development Corp. and Marubeni Corp., who took the remaining 14%. These players eventually withdrew with the result that Telenor's share increased to 62% while that of GTC went up to 38%. For a detailed discussion of the processes of power-based bargaining leading to the shaping of the equity governance of GrameenPhone, see Molina (2009).

the company changing dramatically the current proportions of shareholding (see new arrow from VPOs to GP). Secondly, GP would shift position from “BoP” to “SB2” within the “forprofit sector” (see arrow within circle in Figure 5).

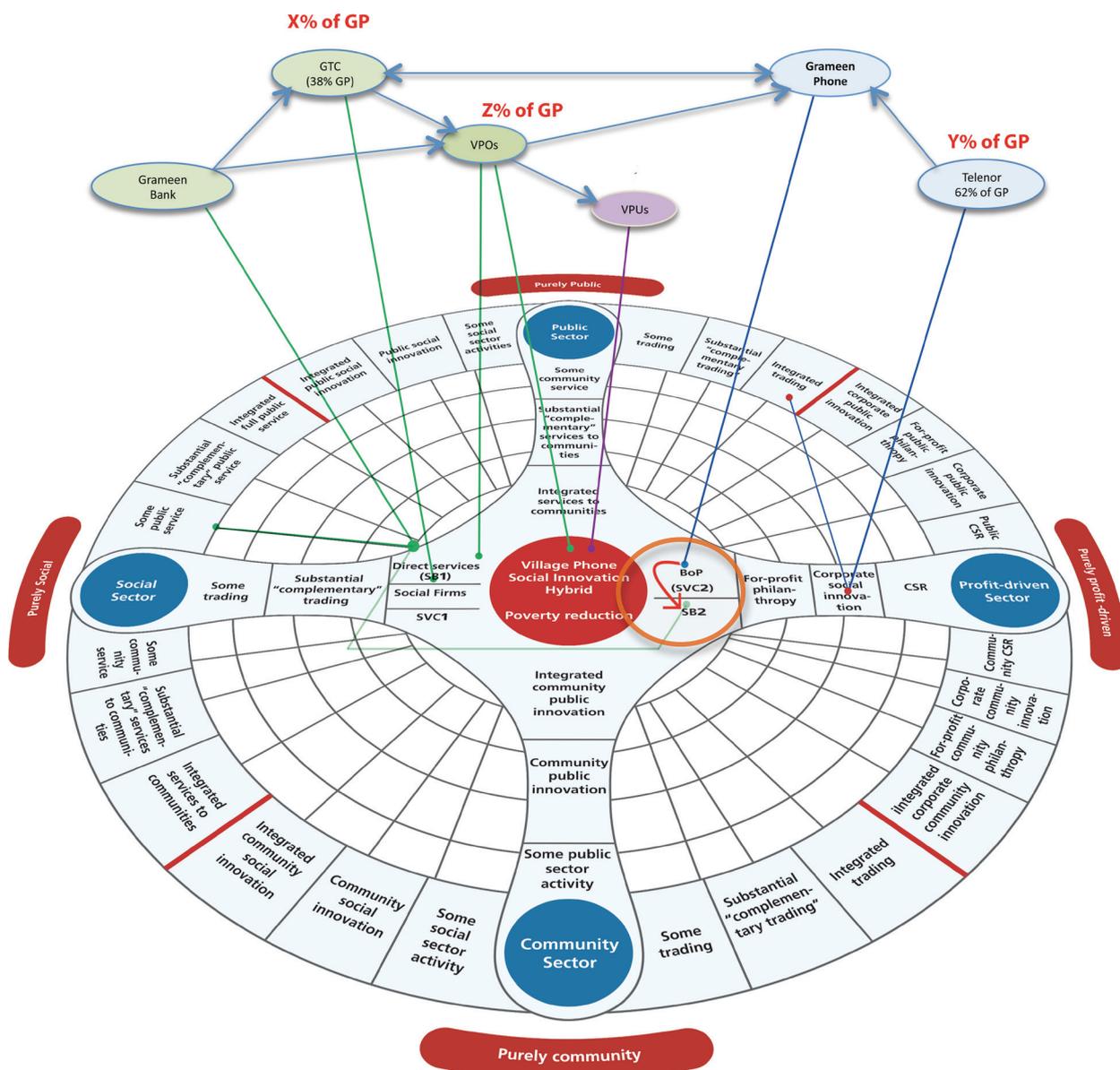


Figure 5. Changes in the VP Social Innovation as a Result of Yunus' Proposition

Such proposed change in the equity governance of GrameenPhone was entirely consistent with GB/GTC's positioning in the "social sector" and, particularly, the fact that Grameen Bank already operates with an important element of "social business type 2" due to its 94% shareholding by the poor borrowers. And in Yunus' words, "Even profit maximizing companies can be designed as social businesses by giving full or majority ownership to the poor. This constitutes a second type of social business. ... The poor could get the shares of these companies as gifts by donors, or they could buy the shares with their own money." (Yunus, 2006) Besides, "If a big bank like Grameen can be owned by poor women in Bangladesh, any big company can be owned by poor people, if we seriously come up with practical ownership-management models." (Yunus, 2007, p.30)

If materialized, such vision would have a substantial social impact by transforming large numbers of rural women into small shareholders of a major telecom operator. It would also make GrameenPhone the first nation-wide telecom operator to have the rural poor as owners of a substantial proportion of its shares – no doubt a most radical demonstration of the *multi-sector quadruple hybridity* of the VP social innovation. First however, Telenor would have to surrender its majority shareholding, even though this company has remained the only partner with telecom expertise in the GrameenPhone joint venture. In the end, as yet, such change has not materialized since Telenor has used its majority shareholding to block it. The company argues that the conditions have changed and that they have continued to invest huge amounts of funds and have yet to recover profits from the venture. This investment has made GrameenPhone the dominant mobile telephony in Bangladesh with over 50% of the market, so Telenor does not want a change. This is also consistent with the positioning of the company in the "forprofit sector" of the "SI wheel." In the VP social innovation, Telenor plays the role of "corporate social innovation" but the first concern of the company is profit-maximizing, hence its decision to invest and maintain the majority ownership of a thriving joint venture.

GB/GTC, however, are unhappy with Telenor's decision not to implement the declaration of intention in the original shareholders agreement. Twice they have made strenuous efforts

to persuade, even coerce, Telenor to transfer the majority holding of GrameenPhone to GTC. The first attempt came immediately after the period of six years envisaged in the declaration had passed. Telenor did not comply arguing that they had yet to recover investments now piling up into hundreds of millions of US dollars. Besides, the original shareholders' agreement was not legally binding. GTC threatened legal action but it soon had confirmation that the legal base to take the case forward was weak. As Shams recalls, GB/GTC engaged an arbitration lawyer in Sweden but, he "charged us an enormous amount of money and told us there's no guarantee ... so we don't want to risk it." (quoted in CNNMoney, 2006)

More recently, however, GTC(GB) had the opportunity to try again to force Telenor to implement the original understanding and to give up its majority control in favour of GTC. In December 2006, Mohammad Yunus and Grameen Bank won the Nobel Peace Prize for their long-standing work on micro-credit for poverty reduction. The prize enhanced Yunus' moral authority and gave him worldwide attention from the media and Norwegian political and civil society circles; and Yunus used the stage to demand the fulfilment of the declaration of intention to the embarrassment of Telenor, particularly because the Peace Prize ceremony takes place in Norway.

Yunus almost exclusively led the battle for GB/GTC in a conflict that lasted for several months, since December 2006. Yunus combined business philosophy arguments, with accusations and moves aimed at mobilizing support from Telenor's board, shareholders, government, politicians, the media and civil society to force a shift in Telenor's senior management.

"There's a philosophical difference. They're oriented toward profit maximization. We're oriented toward social objectives." (Yunus quoted in CNNMoney, 2006)

This broad appeal was consistent with the well-known socially-driven nature of Grameen Bank, now reinforced by a Nobel Peace Prize. In contrast, Telenor's senior management

sought to weather the storm by keeping the dispute strictly in the business arena. On this basis, Telenor re-asserted a predominant profit-driven business philosophy and presented Yunus' philosophy of social business owned by poor people as 'unrealistic' for GrameenPhone. Telenor's Arve Johansen, at the time Telenor Deputy CEO and in charge of Asia, argued:

"Telenor ... has the expertise and experience that Grameenphone needs for continued success. It sounds so simple ... handing the company over to poor women. No one seems to think about the possible very negative consequences that may arise if the company loses its competitive ability or about the huge economic loss this poor country would suffer if a company worth around NOK 20 billion were to collapse." (Johansen, 2007)

By maintaining the conflict strictly within the business arena. Telenor closed down any space for influence by politicians, civil society, and media, especially as the outcry did not really affect the standing of Telenor's shares in the stock market. Ultimately, the "business is business" philosophy prevailed over Yunus' "social business" philosophy.

Whether GB/GTC's vision of GrameenPhone as SB2 would produce better results for the poor masses of rural Bangladesh than the current GrameenPhone's BoP type of "integrated corporate social innovation" is not something that can receive a practically tested answer, at least today. GB/GTC's vision has not been implemented and it could be argued that ownership by the VPO's could prompt the withdrawal of Telenor with consequent decline in performance and wealth creation. Also, VPOs ownership would still leave out from the benefits of share-ownership many millions of other poor people. But, if the VPOs are also left completely out, then ownership by market-selected shareholders will exclude even more.

5 Conclusions

The multi-sector quadruple-hybrid VP alliance has succeeded beyond expectations in realizing its profit-making and developmental purposes, helping to bring connectivity and

poverty alleviation to millions of people in rural Bangladesh. This paper has combined theoretical and empirical analysis to try to understand more deeply the nature of the multi-organizational, multi-sector alliance that has made possible such impressive social innovation. This has included:

- (a) brief discussion on the concepts of social innovation and entrepreneurship, with particular emphasis on the key issue of hybridity;
- (b) theoretical development of the concept of hybridity; and
- (c) application of the resulting theoretical instruments to the empirical case of the Village Phone social innovation in Bangladesh

The review of literature helped to reveal the fundamental multi-organizational and multi-sectoral nature of the social innovation. It also revealed that the understanding of “hybridity” has so far made limited progress, concentrating primarily on single-organization hybridity and, basically, on the spectrum created by the “social-forprofit” sectors. This paper has advanced the theory of hybridity to multiple organizations and multiple sectors and has tested the validity of the resulting instruments to the analysis of the VP social innovation. Of course, this is only one case and the paper makes no claim to general validity. This is something that requires testing by many more cases.

In particular, the theory has argued that multi-organizational and multi-sector hybridity:

- (a) involves four sectors: social, forprofit, public and community sectors. The combination of these four sectors gives rise to six spectra, containing multiple hybrid organizational types and categories. On these bases, the analysis has identified 13 levels of hybridity (hybrid families) and 54 combinations of hybridity. More combinations might be found and added.
- (b) requires a clear definition of the criteria underlying the formulation of hybrid spectra; so far the literature dealing with the social-forprofit spectrum has used a variety of implicit or explicit criteria. The following general criterion is applied in this paper: *the*

degree to which organizations of one sector implement motivations and activities that broadly pertain to the main purpose of organizations in another sector. This criterion has proved useful to (a) increase the detailed categorizations of the social-forprofit spectrum and (b) maintain consistency in the analysis involving the four sectors.

(c) is complex and demands a focus on social processes of innovation rather than on the individual or the organization. The reason is that even single organizations may be involved in many social innovations, applying different models and policies for different social innovations. So far, the literature has dealt primarily with single organization, two-sector hybridity and has assumed the organization as a monolith that can be characterized by one single type of hybridity.

(d) is a historically and culturally conditioned construct, with sectoral borders changing in time, depending on policies, investments and activities of players in the four sectors.

Instrumentally, the paper has developed the “wheel of social innovation hybridity,” a graphical instrument that enables the positioning of players in single and multi-sector social innovations. It facilitates the creation of a graphical overview of multi-organization, multi-sector alliances. The paper has used this instrument to characterize the hybridity of the value-creation model of the VP social innovation as well as that of each of its partners. This has provided the theoretical base to interpret the foundations of the highest-profile and long-standing conflict that has affected the evolution of the VP social innovation. This is important because in the literature of social innovation and entrepreneurship there is a predominance of positive appreciations regarding multi-sector partnerships and much less concern for their difficulties and the sources of these difficulties. This paper has shown that hybrid organizations from different sectors may have different visions as to the ultimate goal of the social innovation. These differences, if not properly anticipated or treated, can lead to serious conflicts that may jeopardize the success of the social innovation with consequent loss of benefits for society as a whole or for the disadvantaged sectors intended as beneficiaries. Fortunately, this has not been the case of the VP social innovation.

The VP social innovation as a whole was found to fit the characterization of “forprofit-dominated multi-sector quadruple hybrid.” This characterization reflects the dominance of the governance of the experience by the forprofits Telenor and GrameenPhone, as well as the hybridity involving the social-forprofit and social-public sectors. In addition, Table 6 has shown that the hybridity of the VP social innovation can be distinguished at the three levels of single organization, single sector and multiple sectors.

Finally, the theory and instruments presented in this paper should be treated as developments in progress since further research work is clearly necessary to prove their validity and deepen related aspects in processes of social innovation. In particular, more empirical cases are required to see how the concepts and tools need be adapted, modified or expanded in the face of different social innovations. Another important area of development is to shift from a rather static characterization of hybridity in social innovation to a dynamic characterization of its evolution in processes of social innovation. This would lead us to an understanding of both how and why hybridity has evolved (or is evolving) in past or current processes of social innovation. This understanding is likely to have significant value to inform and improve the practice of social innovation, thus helping improve the chances of a better world.

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