Heads and tails: both sides of the coin: an analysis of hybrid organizations in the Dutch waste management sector

Karré, P.M.

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10. Conclusions and recommendations

10.1 Introduction

In earlier chapters of this doctoral thesis I devised a model for the description of an organization’s hybridness. Moreover, I summarized the hypotheses brought forward in the Dutch literature about possible positive and negative effects of hybridity. I then examined three organizations in the Dutch waste management sector in detail in order to explore what hybrid organizations look like in practice and what effects their hybridness brought forward.

My goal in doing so was to contribute to both the societal as well as to the scientific debate on hybridity by providing insights in how hybrid organizations look in practice and what the effects are of their hybridity.

In this chapter I summarize my conclusions (10.2) and list my answers to all my research questions (10.3). I also describe how I deal with the limitations of this research (10.4) and close with a discussion and several recommendations and prospects for future research (10.5).

10.2 Conclusions

10.2.1 The Netherlands as a hybrid society

I began my research by indicating that there are several possible types of hybrid organizations, depending on which corner of the societal triangle devised by, among others, Van de Donk (2001) they originate (see Figure 1.1). In what I refer to as the hybrid realm and Billis describes as nine hybrid zones (see Figure 1.2), organizations can be found that originate from either the state, the market or the community and which can be defined as ‘heterogeneous arrangements, characterized by mixtures of pure and incongruous origins, (ideal)types, “cultures”, “coordination mechanisms”, “rationalities”, or “action logics”.’ (Brandsen et al., 2005, p. 750)

Examples of hybrid organizations originating from the community are the environmental movement, trade unions, grassroots organizations in communities and local mutual forms of insurance. The Dutch East India Company, a chartered company with its own army and territorial sovereignty, is an example of a hybrid organization originating from the market place. And quangos, or quasi-autonomous non-governmental organizations, such as contract agencies, public bodies, voluntary of charitable organizations that receive public funding and state-owned enterprises, are
examples of quangos originating from the state. This is the type of hybrid organizations I examined in my doctoral thesis. These organizations not only guard important public interests but also deal with significant amounts of money (in 2000 all hybrid organizations generated a turnover equalling 5% of GDP).

When I looked into the history of public service provision in The Netherlands, I came to the conclusion that the border between the realm of the state and the market place was never strict and impenetrable, but always rather fuzzy, porous as well as shifting over time, adjusting to societal and political preferences, necessities but also fads and fashions. The country therefore has a long and rich tradition of producing and using hybrid organizations in the delivery of public goods. Many of them were established in the middle of the 19th century at the initiative of socially concerned citizens, religious or ideological groups or entrepreneurs and later nationalised. By the 1980s, the Netherlands not only had one of the biggest public sectors in Western Europe but also a high rate of unemployment and a gigantic national debt. To tackle this crisis state-owned companies were privatized. But the impact of this operation was rather limited, as direct state intervention in industry was limited compared to other European countries.

During the 1990s attempts were made to improve the service provision of public sector organizations by introducing private sector management techniques and by autonomizing agencies providing public services. In The Netherlands this New Public Management was not inspired by ideas to hollow out the state but rather by the belief that modern management techniques would make public sector organizations more flexible and perform better. The managerialism in public services had some positive effects but was also criticized as not being in tune with the special characteristics of the public sector. Governance, the new main driving force for Dutch public sector reform since the turn of the millennium, tries to address this criticism. It is based on the belief that the wicked problems our network society faces can not be tackled by only one agency but rather ask for a multi-stakeholder approach in which not only government but also other actors, such as businesses, participate. In this philosophy hybrid organizations have an important function as boundary spanners.

When I examined the Dutch discussion on hybrid organizations, I came to the conclusion that it is a rather normative and polarized debate in which hybridity’s advocates and adversaries are at loggerheads with each other. We do not yet know much of what actually happens when an organization is hybridized. This is a pity, as hybrid organizations not only face much criticism but are at the same time subject of grand expectations, especially when it comes to providing public services in a world full of wicked problems. After studying international literature and discussing the subject with peers at conferences, I also concluded that the Dutch debate on hybridity can be distinguished from that in other countries by the fact that most commentators do
not consider hybridity as an opportunity to improve public service provision but as a threat to public values. As an expatriate living in this country I find this hard to comprehend, given the long history and, arguably, success story of hybrid organizations in The Netherlands.

**Conclusions chapter 1: The Netherlands as a hybrid society**
- There are several possible types of hybrid organizations in the realm between state, market and community.
- In The Netherlands the border between the realms of the state and the market place has never been definitive or impenetrable. The country therefore has a rich tradition of hybrid organizations.
- The Dutch debate about hybridity is normative and polarized. We still only know very little of what is actually happening when an organization becomes hybrid.

**10.2.2 Defining hybrid organizations – Dimensions of hybridity**

In the second chapter of my thesis I described the various dimensions on which an organization can be a mixture of public and private. I did this to answer my first analytical research question: *On which dimensions can an organization be hybrid?* I first concluded that in the Dutch discussion on hybrid organizations the distinction between public and private has for the most part been seen as one between state administration and market economy. My second conclusion was that there are so many interrelations between state and market (not only now but already, as I demonstrated in the last chapter, for more than a century), that the view of public and private as two poles of a dichotomy was too simplistic. It seemed more logical to devise a multidimensional continuum, on which an organization could be a mixture of the two. I defined the poles of this continuum, in the tradition of Dahl & Lindblom (1953), as the agency (or ideal-typical governmental organization) and the enterprise (or ideal-typical business firm). The first is subject to polyarchy (or governmental authority) and the latter to economic markets. Alternative descriptions from the Dutch debate would be task and market organizations (cf. Simon, 1989).

Many authors have already refined this distinction between public and private organizations by contrasting them with one another. Rainey (1997) and Rainey & Chun (2007) summarize their work by describing that agencies differ from enterprises with regards to their environment, their organization-environment transactions and their organizational roles, structures and processes. Several authors have also devised uni- and multidimensional models to arrange different forms of organizations between the two poles.

I constructed my own multidimensional model by synthesizing them and came to the conclusion that an organization can be scored on the continuum by examining its scores on ten dimensions, which I clustered in three groups for clarity’s sake: (1)
structure and activities, (2) strategy and culture and (3) governance and politics. The dimensions in the cluster of structure and activities deal with an organization’s legal form, ownership, activities, funding and market environment. The cluster strategy and culture consists of two dimensions dealing with an organization’s strategic outlook and dominant values. The final cluster (governance and politics) contains those dimensions dealing with the organization’s relationship with its public principal as well as with the managerial and executive autonomy of its management.

I decided to use this model to describe and visualize my case studies’ hybridness and as an indicative-diagnostic tool to point me to those dimensions on which an organization’s hybrid status could be expected to produce either beneficial or hazardous effects.

**Conclusions chapter 2: Defining hybrid organizations – Dimensions of hybridity**

- In the Dutch debate about hybrid organizations the distinction between public and private is mainly seen as one between state administration and market economy.
- There are traditionally so many interrelations between state and market that it is too simplistic to see the distinction between public and private as a dichotomy. A continuum is a better model for understanding public and private.
- The poles of this continuum can be described as the agency and the enterprise, or the task and market organization. The first is subject to governmental authority and the second to economic markets.
- Based on the differences between agencies and enterprises, several uni- and multidimensional models have been devised to arrange different forms of organizations between the two poles. My own consists of ten dimensions, clustered into three groups: (1) structure and activities, (2) strategy and culture and (3) governance and politics. I use this model to describe and visualize my case studies’ hybridness and as an indicative-diagnostic tool to point me to those dimensions on which hybridity’s positive and negative effects can be expected to manifest themselves.

### 10.2.3 The effects of hybridity – An anatomy of the Dutch debate

After describing the dimensions of hybridity, I turned to its alleged positive and negative effects by dissecting the Dutch discussion on this subject. I did this to answer my second analytical research question: *What could be positive and negative effects of hybridity?* I came to the conclusion that two groups were at loggerheads in this debate: hybridity’s advocates, who subscribe to what I call the synergy argument, and its adversaries, that subscribe to what I see as the corruption argument. The first group, with as its main proponents Roel in ’t Veld and many practitioners, describes that hybridity, when handled properly, can produce synergies. The second group, with as its main proponents Job Cohen and Martin Simon, warns against the risks of hybridity as it can corrupt essential public values.
I concluded that the arguments brought forward by the two groups could be summarized as dealing with economic, performance related, cultural and governance related aspects. Advocates of hybrid organizations argue that hybridity can lead to increased turnover and profits, increased efficiency and effectivity, an increased consumer orientation and more effective governance. Hybridity’s adversaries argue that it leads to unfair competition, a neglect of public tasks, cultural conflicts and opportunistic behaviour which can no longer be stopped by an organization’s public principals.

I concluded that the debate between advocates and adversaries was normative and that it mostly dealt with prescribing possible benefits and risks than with describing what actually happened in organizational practice. I also concluded that, while it treated the possible effects of hybridity as mutually excluding categories, they often are two sides of the same coin. It very much depends on the respective commentator’s standpoint whether an effect is seen as a benefit or a risk.

### Conclusions chapter 3: The effects of hybridity – An anatomy of the Dutch debate

- There are advocates and adversaries of hybridity. The first group emphasizes its synergetic effects, whereas the second stresses its potential for corruption.
- The arguments of both groups can be summarized as dealing with economic, performance related, cultural and governance related effects.
- The debate between advocates and adversaries is normative and prescriptive.
- Their claims about positive and negative effects of hybridity can be seen as two sides of the same coin. Also in this debate, where one stands depends on where one sits.

### 10.2.4 Research strategy

In chapter four I detailed my research strategy. I described how I came to the conclusion that the Dutch debate about hybridity could be moved away from the ideological stalemate between adversaries and advocates by conducting in-depth case studies on what hybridity means in organizational practice. I concluded that examining hybrid organizations in the Dutch waste management sector would be a good strategy, as there is a rich supply of these organizations, with a researchable scale. Also, these organizations provide essential public services but have so far only enjoyed limited interest from public administration scholars.

### Conclusions chapter 4: Research strategy

- Conducting in-depth case studies is a good way to explore and describe what hybridity means in organizational practice.
- Organizations in the Dutch waste management sector are appropriate subjects for such case studies, as they are plenty, have a researchable scale, provide essential public services and have until now largely and unjustly been neglected by research.
10.2.5 Hybrid organizations in Dutch waste management

I described the context in which my case studies functioned in chapter 5. I concluded that several public interests are at stake in waste management and that it is big business too. Until recently the Dutch waste management sector was heavily regulated, with regional government monopolies. These regulations and monopolies have now been softened, which led to the emergence of hybrid organizations in this sector. They can mostly be found in the markets for the collection and disposal of waste. Municipalities are obliged by law to take care of the collection of household waste. While they do this, many also collect business waste. When I conducted my research, most waste incineration plants were still in public hands. Also in the waste sector there is a fierce debate about hybridity. The arguments brought forward by advocates and adversaries of hybridity are influenced by their business interests. This made me conclude that independent research was needed to establish what really happens when public waste management organizations enter the market place.

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<th>Conclusions chapter 5: Hybrid organizations in Dutch waste management</th>
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<tr>
<td>- In the waste management sector public interests have to be combined with the commercial interests of the organizations active in it.</td>
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<td>- The softening of governmental regulation and monopolies has not only turned the waste management sector into a real market but also meant that private companies have to compete with public and hybrid organizations.</td>
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<tr>
<td>- Most hybrid organizations in Dutch waste management can be found in the market segments waste collection and waste incineration.</td>
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<tr>
<td>- Also in the waste management sector there is a fierce debate about hybridity and a need for independent research on the actual effects of hybridity in organizational practice.</td>
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10.2.6 Case studies: TOM, DICK and HARRY

I described my findings at my three case studies TOM, DICK and HARRY, in chapters 6, 7 and 8 respectively. TOM operated a waste incineration plant in a big city. DICK was an organization active in waste collection, waste disposal and infrastructure maintenance services on behalf of several mid-sized municipalities. And HARRY was the waste management corporation of one of the island area’s of the Netherlands Antilles. I answered the following two empirical research questions individually for each case: *In which ways is the case organization hybrid?* and *Which positive and negative effects of hybridity can be observed in the case study and how are these dealt with?*

I then compared my findings in chapter 9. Here I also described the discussion I had about these findings with the managing directors of other hybrid waste management companies. Based on this, I came to the following conclusions.
Conclusions concerning my case organizations’ hybridness

Concerning the organizations’ hybridness I concluded that, first, the initiative to transform each of my case organizations from an agency into a hybrid came from their managing directors. They did this in the belief that their organizations’ chances for success and survival would increase by adopting a more businesslike approach as the waste management sector became increasingly competitive. The biggest hurdle they had to overcome was resistance from the organizations’ political principals who feared that putting them at arm’s length would lead to opportunistic behaviour. I conclude from this that the hybridisation of an organization often starts with the initiative of an enthusiastic and ambitious director of an agency who then tries to win over his political principals. In the cases that I studied, it took them a while to warm to this idea but in the end they let themselves be swayed by the directors’ arguments. This means that when an organization’s managing director plays his cards right, he can indeed increase his managerial autonomy through a hybridisation of his organization.

Second, the question whether or not to hybridize TOM, DICK and HARRY was seen in different ways by politicians and managing directors. While the directors mainly saw opportunities, the politicians focussed on the risks involved. Or to put it in other words, they focussed on either side of the same coin while sometimes forgetting about the flipside.

Third, TOM was still a municipal enterprise but nevertheless employed more activities for commercial customers than DICK and HARRY, who had both been autonomized. I conclude from this that an organization’s legal form is not the decisive factor concerning its hybridness. This was also one of the conclusions reached at the expert meeting I organized to test the validity of my findings.

Fourth, at the same expert meeting, the directors present described an organization as hybrid if it had both public and private customers and hence mixed public and private sources of funding. This definition would apply to both TOM and HARRY but not to DICK, as this case organization did not yet have any private sector customers. Yet I still see it as a hybrid organization, as some of its activities for its public customers were based on private law. Also, these customers were not captive and DICK therefore had to compete for their business. I draw the conclusion from this case that the mere fact that an organization does not have any customers from the private sector and therefore does not mix public and private funds does not necessarily mean that it is not hybrid. An organization’s hybridness is determined by how it scores on all ten dimensions of my model and there is not one dimension that automatically makes an organization hybrid or prevents us from labelling it as such.

Fifth, all my case organizations were embracing a more entrepreneurial culture and outlook. This meant bringing new employees with a commercial background into the
organization and a new focus on values akin to those of Jacob’s commercial syndrome (Jacobs, 1992). I conclude from this that hybridity is not only a transformation based on hard factors, such as an organization’s finances, but also on softer factors, such as trying to promote a new mindset among its workforce. But changing an organization’s culture takes a lot of time and effort, which also means that the hybridisation process on this dimension in effect rather is an evolution than a revolution.

Sixth, their new hybrid status brought a change in governance at all three organizations. Their managing directors now had more managerial and executive autonomy. And in the cases of DICK and HARRY the organizations’ relationships with their public principals was based on private law contracts. I conclude from this that hybridity does indeed change the governance arrangement of a public organization towards one that closer resembles the modes of governance employed in the private sector, where contracts play a major role and managers have considerable autonomy.

Conclusions about effects of case studies’ hybridness

Besides these six conclusions regarding the organizations’ hybridness, I also came to several conclusions concerning the effects their new hybrid status had for each of my case studies. First, I observed that TOM, DICK and HARRY had higher turnover and profits after being hybridised. But I could not, based on the data available to me, support the managing directors’ claim that the improved economic performance of their organizations had benefits for their public customers. In TOM’s case I could not establish whether its private activities really contributed to a low public tariff. In the case of DICK, it was not clear whether the dividends it paid out were due to increased efficiency or due to an initial overpayment. And in HARRY’s case its hybridity had made it immune from budget cuts, which was positive for the organization but also meant that the government of the island area now had to look at other (arguably more important) public services when cuts were necessary. I conclude from this that the mere fact that an organization increases its turnover and profit after being hybridized does not necessarily result in a benefit to the public.

Second, I conclude that unfair competition is not necessarily an argument against hybridity, even though one could argue that it occurred in the cases of TOM and DICK. Unfair competition can be in the public interest and it can also be in the eye of the beholder. DICK for example made good use of European Union regulation (and hence did nothing illegal), though a private competitor might see this as unfair competition.

Third, I examined whether TOM, DICK and HARRY were functioning more efficiently now after being hybridised. Based on my observations in these three cases, I conclude that hybridity can indeed improve an organization’s performance through a change in financing, by introducing competition, by bringing employees with a commercial background into the organization and by adopting private sector management
techniques. The reason for these changes was again the belief by the organizations’ managing directors that their organizations needed to become more competitive to survive in the waste management market. As agencies they did not need to bother about the changes in this market place but as hybrid organizations it was of vital importance to react to these market pressures.

Fourth, I also witnessed examples of performance related risks. TOM and HARRY now had two kinds of customers: captive, public customers and private ones that were free to take their business elsewhere. This made it tempting for the organizations to spend more attention on private customers than public ones, as the latter were not going anywhere. I conclude from this that hybridity will only have positive performance related effects for public customers if they are not captive and the organization also has to fight for their business. In short, hybridity only works if there is competition for an organization’s public customers too.

Fifth, my research shows a mixed picture with respect to the cultural effects of hybridity. One goal the managing directors of all three case organizations pursued through hybridisation, was to transform their culture from one with the values of the guardian to one with the values of the commercial syndrome. In other words, they wanted to break up their organizations’ hierarchical and bureaucratic cultures by promoting values which are commonly understood to be more businesslike and by bringing new employees with commercial backgrounds into the organization. The introduction of these new values worked well at DICK but led to conflicts between the organizations’ management and staff at TOM and, to a lesser extent, at HARRY.

The reason for this incongruence seems less to lie in hybridity, ie, the mixing of opposing values, but rather at the strategy pursued by each organization’s management in tackling cultural change. The strategy pursued by TOM and DICK can in this respect be seen as two sides of the same coin. At DICK the introduction of a more entrepreneurial mindset was done by following a bottom-up approach and was successful. TOM’s management opted for a top-down approach, based on the perceived limitations of the old culture, which resulted in conflicts between the organization’s management and operational staff. I conclude from this that while public and private values do not necessarily clash per se, conflict can arise when an organization’s management tries to force new values and new ways of conducting business on its workforce.

Sixth, on paper my case organizations’ hybridity had led to a more professional governance, in the sense that there was a better division of responsibilities than before, which suited the organizations’ new position as players in the waste management market better than their former more bureaucratic and politicised governance. In reality the new governance arrangements did not work that well because the political
principals of all three organizations failed at their new role as shareholders. I conclude from this that in theory hybridity can lead to a more professional governance, but only if an organization’s public principals are willing to embrace their new role. The managing directors of all three of my case organizations lobbied for a new hybrid status to get better checks and balances but were disappointed by their political principals who remained uninterested in how they conducted their services. This was not only frustrating for the organizations but also does not speak well of politicians as safeguards of public interests.

Because my case organizations’ shareholders were often uninterested in how they conducted their services and also lacked the necessary expertise to adequately monitor the actions and decisions of their management, TOM’s managing director lobbied for a supervisory board and DICK and HARRY’s managing directors were happy to have one. In theory the supervisory board of a hybrid organization can after all ensure that its internal governance and quality control are up to scratch, especially when an organization operates in highly specialised fields. I draw a critical conclusion though regarding the hybrid composition of the supervisory boards of DICK and HARRY. Interviewees at both organizations told me that it was a good thing that both boards consisted of politicians and non-politically appointed members, but in my opinion this leads to an undesirable situation. Loyalty issues could arise for the politicians, in choosing between conflicting interests of the organization and their constituents. According to the board members I interviewed, this problem had not yet arisen at DICK, but some of HARRY’s board members had decided not to take the interests of the organization into account at all in the affair concerning the appointment of its new deputy director. I therefore conclude that the supervisory board of a hybrid organization should not consist of any (active) politicians but only of non-politically appointed members, who are chosen because of the expertise they possess. The selection process should be open and transparent, and should be able to withstand outside scrutiny.

Finally, taking all these earlier conclusions together, I drew several more general conclusions based on my case studies: first, there is not only one, generic kind of hybrid organization. My three case organizations shared some scores in my model of hybridity but differed on others (eg, concerning their funding and activities). There is also not, as I already concluded earlier, one dimension that can be said to be a prerequisite of an organization’s hybridness. Ideal-typical hybrids, that score evenly on all the dimensions of my model, are hard to find. All organizations differ with regard to their hybridness and each has its own hybrid fingerprint. Based on this finding I conclude that the multidimensional model I developed in this research can help to understand the specific characteristics of a hybrid organization by visualizing on which dimensions it is hybrid and what its scores are on them.
Second, my model can also help to predict on which dimensions an organization’s new hybrid status might lead to either positive or to negative effects. Used as an indicative-diagnostic tool, my model can be a starting point for a discussion on how to create synergetic effects on a dimension while controlling the negative effects hybridity might produce there.

Third, hybridity is an evolutionary and not a revolutionary process. In other words, organizations do not become hybrid from one day to the other but over time. I could see this at all my three case studies as they gradually transformed into hybrid organizations. Over the years they had experienced pressures related to their technical, political and cultural management systems (cf. Tichy, 1983, pp. 388-93). The technical pressures were related to changes in their market environment. Over the last few years, the waste management sector had transformed into a competitive market environment which forced these organizations to reposition themselves. The political pressures related to changes in how their political principals viewed their own role in waste management and concerned switching from providing public services themselves to ensuring that others (i.e., autonomized organizations) provided them. Finally, the organizations’ cultural pressures referred to the influence of new management ideologies, like New Public Management, which propagated an entrepreneurial or businesslike management style in public organizations.

According to Tichy (1983, p. 395) organizations have three sets of managerial tools at their disposal for realigning their technical, political and cultural systems in response to these pressures. These are their mission and strategy, their organizational structure and their human resource management. My three case studies have indeed used these tools to conquer the three pressures and to transform themselves into more businesslike or hybrid organizations. This included (1) the development of a new, entrepreneurial strategic course, which was no longer influenced mainly by politicians but by the organizations’ managers as well as the development of a new, businesslike organizational culture, (2) a streamlining of the organizations and a redistribution of power from the technocrats to the managers and (3) new methods in staffing and appraisal with a focus on entrepreneurial skills.

Finally, what do all these conclusions say about the answer to my last empirical research question: What do the findings of this study say about the overall viability of hybrid organizations? I conclude from my research at three hybrid organizations in the Dutch waste management sector that hybridity is in principle nothing to be unduly afraid of. Admittedly, it produces tensions and leads to risks but those are, as my case studies have shown, by no means unmanageable. However, hybridity is no panacea for creating an entrepreneurial government as it asks much from an organization’s managers, political principals and employees. Also this has become clear in my case studies. The biggest challenge will be to prove in every single case that the expected
opportunities created through hybridity far outweigh the costs of controlling the risks it poses. Only when the flipsides of hybridity’s effects are adequately covered, it will lead to a situation of heads and tails. Research like mine can help in achieving this, as well as to start a discussion about hybridity that is based on facts rather than on fears or grand expectations.

**Conclusions chapters 6-9: Case studies**

- The hybridisation of an organization often starts with the initiative of an enthusiastic and ambitious director of an agency who then tries to win over his political principals. If the director plays his cards right, he can greatly increase his autonomy.
- Managers rather focus on the opportunities due to hybridity and politicians rather on the risks it poses. They focus on either side of the same coin while sometimes forgetting about the flipside.
- An organization’s legal form is no decisive factor in its hybridness.
- Whether an organization mixes activities for public and private customers and therefore public and private sources of funding is also not a decisive factor in its hybridness.
- An organization’s transformation into a hybrid is a process in which hard and soft factors matter and which rather is an evolution than a revolution.
- Hybridity leads to a more businesslike relationship between an organization and its public principals.
- The mere fact that an organization increases its turnover and profit after being hybridized does not necessarily result in a benefit to the public.
- The threat of unfair competition is not necessarily an argument against hybridity. It can be desirable from a public standpoint or be a matter of interpretation.
- Hybridity makes an organization more susceptible to market pressures. This will be an incentive to increase its performance, eg, through a change in financing, by introducing competition, by bringing employees with a commercial background into the organization and by adopting private sector management techniques.
- Having both captive public and commercial customers, will make it tempting for an organization to spend more attention on the latter. Hybridity will therefore only have positive performance related effects for public customers if they are not captive and the organization has to fight for their business.
- Public and private values do not necessarily clash but conflict will arise when an organization’s management tries to force new values and new ways of conducting business on its workforce.
- Hybridity can lead to a more professional governance, in the sense that there is a better division of responsibilities, suiting the organizations’ new position as players in the waste management market better than their former more bureaucratic and politicised governance. However, the new governance arrangement will only work if an organization’s political principals are willing to embrace their new roles as shareholders.
- A supervisory board can compensate for the lack of interest and expertise hybrid organizations often encounter at governments. But political appointment of members of such a board can lead to loyalty conflicts for these board members.
As hybrid organizations differ from one another and as there is not one dimension that is in itself a prerequisite for hybridity, it is important to recognize their hybrid fingerprint, or hybridness. My multidimensional model can help in this process.

The model can also be used as an indicative-diagnostic tool to predict on which dimensions hybridity might have positive or negative effects and to prepare for them.

Hybridity is as a process of organizational change no revolution but an evolution. Hybridity neither is a catastrophe, nor a panacea but needs to be managed properly. The biggest challenge is to prove in every single case that the expected opportunities created through hybridity far outweigh the costs of controlling the risks it poses.

10.3 Research questions revisited

I addressed the following general research question in this doctoral thesis: *How do hybrid organizations function in practice and what are the effects of their hybridity?* I divided this general research question into five specific research questions, two of an analytical and three of a more empirical nature. I will give a short summary of my findings on each of these research questions in this section.

10.3.1 Analytical research questions

*On which dimensions can an organization be hybrid?*

My first analytical research question aimed at providing a more nuanced definition of a hybrid organization and therefore was: *On which dimensions can an organization be hybrid?* I found that an organization can be hybrid on ten dimensions, which I clustered into three groups. The first cluster deals with the dimensions concerning an organization’s structure and activities, which are (1) legal form (the degree to which an organization’s legal form is governed by public or by private law), (2) ownership (the continuum between full government and full private ownership), (3) activities (the continuum between a complete focus on statutory or public tasks and one on private, commercial activities), (4) funding (the continuum between 100 % governmental appropriation and 100 % private funding) and (5) market environment (the continuum between a monopolistic and a competitive market environment).

The second cluster includes the dimensions concerning an organization’s strategy and culture: (1) strategic orientation (the continuum between a strategic orientation totally aimed at government and one totally aimed at the market) and (2) value orientation (the continuum between a total orientation on the public values of the guardian syndrome and a total orientation on the values of the commercial syndrome).

The third cluster of dimensions includes those concerning an organization’s governance and its relationship with politics: (1) relationship with political principal (the continuum between a relationship based on public and one based on private law),
(2) managerial autonomy (the continuum between political autonomy, or a system in which the management of an organization is influenced or dominated in its decisions by politics, and economic authority, or a system in which the management of an organization is influenced by the market) and (3) executive autonomy (the continuum of the degree of autonomy an organization’s management has in how it conducts its tasks and activities). See chapter 2 for more information on these dimensions and how I constructed them.

What could be positive and negative effects of hybridity?

My second analytical research question was: What could be positive and negative effects of hybridity? I answered this question by listing the arguments brought forward in the Dutch debate in favour and against hybrid organizations. The advocates of hybridity claim that mixing public and private can have economic, performance related, cultural and governance related benefits. Beneficial economic effects mentioned are an increased turnover and profit; the positive performance related aspects concern an increase in efficiency and effectiveness; the positive cultural effects mention an increased customer orientation and the beneficial governance related aspects a more effective governance arrangement. The arguments the adversaries of hybrid organizations mention in the debate are the flipside of those brought forward by the advocates. They are unfair competition as an economic risk; a neglect of public tasks as a performance related risk; cultural conflicts as a cultural risk and opportunistic behaviour as a governance related risk. See chapter 3 for a comprehensive overview of the Dutch discussion on hybridity and the arguments brought forward by advocates and adversaries of hybrid organizations.

10.3.2 Empirical research questions

My three empirical research questions aimed at describing hybridity and its effects in organizational practice. I answered them by looking at three hybrid organizations in detail (see chapters 6-8) and by comparing these findings and discussing them with experts (see chapter 9).

In which ways is the case organization hybrid?

My first empirical research question was: In which ways is the case organization hybrid? I answered this question by examining how each of my three case studies scored on the ten dimensions of my model. I visualized their scores in a spider chart (see a comparison of these charts in section 9.2.4). Before they became hybrids, my case study organizations had looked rather similar. One of them, TOM, slightly differed from the other two as it already conducted some activities for private customers. But
they all were, for all intents and purposes, ideal-typical public organizations or agencies.

Those similarities had vanished after all three organizations had been hybridised. TOM was the only organization whose shape on the after chart still resembled that on the before chart, but its scores and thus its hybridness had intensified. Both DICK and HARRY had rather pronounced scores concerning their governance. They were more or less private organizations in this respect. They were less hybrid on the other two clusters, although they were in an ongoing process of change which was due to also affect these dimensions. Both organizations were working hard on changing their cultures towards a more businesslike orientation. DICK already had to provide its services in competition with others. HARRY had to do the same but in this case the island area’s special circumstances meant that there was no real competition to speak of.

Which positive and negative effects of hybridity can be observed in the case study and how are these dealt with?

My second empirical research question was: *Which positive and negative effects of hybridity can be observed in the case study and how are these dealt with?* In my three case studies, I not only described how TOM, DICK and HARRY changed on the ten dimensions of my analytical model but also which positive and negative effects this transformation caused and how these effects were dealt with. I again used the spider charts drawn for each organization to help me do this. I used them as indicative-diagnostic tools to point me to those dimensions on which the organizations’ new hybrid status could be expected to either produce positive or negative effects.

I observed that all three case organizations had enjoyed positive economic effects of hybridity as they had increased their turnover and profit. Their strategy to continue this positive trend was to stick to their entrepreneurial course and to venture into new markets. But the benefits of this development seemed on the data available to me be limited to the organizations themselves. A flipside of higher turnovers and profits as positive effects of hybridity, is unfair competition and I observed that one could indeed speak of this problem arising in the cases of TOM and DICK. But I am not sure whether this could be seen as an argument against their new hybrid status, as it was not disadvantageous to society at large. It could also be argued that unfair competition was in the public interest, for example in the case of TOM whose municipality built it a clean and technically advanced incineration plant.

From what I observed in my case studies, I am inclined to say that their new hybrid status did indeed positively influence TOM, DICK and HARRY’s performance. Their hybridity brought a change in funding. The organizations had to be competitive, since they now had to outperform companies which were trying to outperform them. The
strategy their managing directors used to enhance TOM, DICK and HARRY’s competitiveness was to professionalize the way they worked, partly by bringing new employees with commercial backgrounds into their organizations. They also embraced modern management techniques, such as performance management.

Also my case organizations’ positive performance related effects had their flipside, at least for TOM and HARRY. Both organizations now had two kinds of customers: captive, public customers, and private ones that were free to take their business elsewhere. This made it tempting for the organizations to spend more attention on private customers than on the public ones, as the latter were not going anywhere. TOM was already aware of this situation and tried to react to it by engaging more with its public customers to ensure them that it valued their views and opinions the same way as it did its commercial customers.

A third goal the managing directors pursued through TOM, DICK and HARRY’s new hybrid status, was to transform their organizations’ culture from one with the values of the guardian syndrome to one with the values of the commercial syndrome. In my opinion, only the cultural transition programme started by DICK’s managing director had been successful. Even though they were expected to work harder and adhere to more rules and procedures than before, DICK’s operational employees told me that they appreciated these changes as they would make their organization sustainable and future-proof.

A possible flipside to the positive influence of new businesslike values on a hybrid organization and its staff, are cultural clashes that can arise when one tries to combine traditional public sector and traditional private sector values. I could witness this negative effect in both TOM and HARRY, where the cultural transition programmes had not been successful. Especially at TOM, the reason for it arising was the top down strategy used by the organization’s management in forcing the new culture and mindset on its staff. At both TOM and HARRY there were conflicts between management and operational staff due to the influx of new commercial employees with a background in business.

A last reason why the managing directors of TOM, DICK and HARRY had lobbied their public principals to allow them to run their organizations like businesses, was that they expected positive governance related effects. They complained that as agencies, their organizations had suffered from inertia, as their governance arrangements did not facilitate the kind of quick decision making they thought they needed in the market place.

So far, only the governance arrangements of DICK and HARRY had been changed. TOM had been labelled a ‘proactive service provider’ in 2001, but this was more a semantic change and had no legal repercussions. DICK and HARRY had been
autonomized. I was told that in the past both DICK’s municipalities as well as HARRY’s island area had not really been interested in how the organizations conducted their services, which often meant crucial decisions took a very long time. To the disappointment of the managing directors, their new hybrid status had not changed this. At DICK, aldermen often chose not to attend the annual shareholders’ meetings, which as a result often lacked a sufficient quorum to take decisions. At HARRY, the foundation tasked with acting as the organization’s shareholder had all but ceased to function.

I therefore concluded that DICK and HARRY’s new hybrid status had only a limited positive effect on their relationships with their shareholders. In my opinion, the blame for this situation has to be laid at the doorstep of both organizations’ shareholders who failed to take their roles seriously. DICK tried to deal with this situation by providing its shareholders with more information to facilitate their decision making processes and to try to involve them more in how the organizations worked, but so far without much success.

A second change to DICK and HARRY’s governance arrangement was the establishment of a supervisory board. Both boards were hybrid, as they consisted both of politicians and non-politically appointed members. Some interviewees cited this hybrid composition as a strength, but I rather judged it as an undesirable situation because it can lead to loyalty issues for the politicians, in choosing between conflicting interests of the organization and their constituents. According to the board members I interviewed, this problem had not yet arisen at DICK, but they were aware of its potential. In contrast, at HARRY the politically appointed board members had chosen not to be loyal to the organization at all but to use it to get one of their cronies a job.

What do the findings of this study say about the overall viability of hybrid organizations?

None of my findings showed that hybridity is such a catastrophe to the provision of public services as its adversaries would like us to believe. But I also found it difficult to substantiate all the arguments brought forward by its advocates. Hybridity can produce positive as well as negative effects. Which of them prevails depends on the management and the governance of the respective organization. In this respect it is important to note that the positive and negative effects of hybridity are a series of opposite sides of the same coin. What one sees as unfair competition, another sees as a good deal for the citizens, to name but one example. Hybridity therefore is an issue of heads and tails and not of heads or tails: it is important not to forget about, or even ignore, the flipside that inevitably comes with each positive or negative effect.
10.4 Dealing with the limitations of this research

10.4.1 Focus on public/private hybrid organizations

A first limitation of this research concerns its focus on public/private hybrids. I decided to exclusively deal with this form of hybrid organizations, as the Dutch debate about the benefits and risks of hybridity mainly centred around them too. But there are, as I described in the introduction, several other forms of hybrids too. As a step for further research, it might especially be interesting to examine the effects of hybridity at organizations that combine public, private and Third sector characteristics.

10.4.2 Validity issues

A problematic issue in any qualitative research project concerns validity. According to Yin (1994, pp. 32-8) there are several criteria for judging the quality of a case study: (1) construct validity, (2) internal validity, (3) external validity and (4) reliability. In section 4.4 I described how I addressed these validity issues in detail.

Constructing validity refers to establishing correct operational measures for the concepts being studied. I strived to increase construct validity in my study by employing three tactics: I always used multiple sources of data, strived to establish a chain of evidence by making it clear where the data underlying my analyses came from and asked every interviewee to review the summary I made of our conversation and to alert me to factual errors, misinterpretations and omissions. I did the same with my draft case study reports, which I presented to the managing directors and my contact persons in every organization.

Internal validity refers to establishing a causal relationship, whereby certain conditions are shown to lead to other conditions as opposed to spurious relationships. I strived to achieve internal validity in my case studies by pattern matching and by discussing my observations and interpretations with the managing directors of my case organizations and my contact persons, as well as with a group of managing directors from other hybrid waste management companies during an expert meeting.

Reliability refers to demonstrating that the operations of a study (such as the data collection procedures) can be repeated, with the same result. I strived to achieve reliability by composing a case study protocol, which included several points I paid attention to in all case studies. I also developed electronic as well as analogue case study databases for my individual cases, containing copies of all the materials collected during the cause of my research.

At this point, the construct and internal validity and the reliability of my study are already properly addressed but the external validity is not. This type of validity refers
to establishing the domain to which a study’s findings can be generalized. I strived to achieve external validity by opting for a multiple case study approach and by using what Yin calls a ‘replication logic’ (Yin, 1994: 36). This means that I compared my three cases to see on which aspects they were similar and on which they differed from each other. Producing external validity was also one of the reasons to organize the already mentioned expert session with managing directors of other waste management companies. By doing so I wanted to make sure that what happened at my three case studies was not unique to them but representative for other organizations in the same sector.

A question that could be asked at this point is whether, besides other hybrid organizations in the waste management sector, my findings can also be applied to hybrid organizations in other sectors, as well as to commercial waste management companies.

This research does not offer a definite answer to this last question. I found the commercial waste management organizations I approached even less willing to cooperate than most of their hybrid rivals. I decided not to also invite a representative of a commercial waste management company to my expert meeting because I feared that this would hinder a frank discussion about hybridity.

In order to address the question whether my findings in the waste management sector can also be said to draw a picture of hybrid organizations at large, I compared them with the conclusions drawn in the collection of case studies edited by Brandsen, Van de Donk and Kenis (2006b), as this volume draws a good picture of how hybrid organizations look in a variety of sectors.

10.4.3 Summary of Brandsen et al.’s findings

The volume of case studies edited by Brandsen, Van de Donk and Kenis (2006b) contains several conceptual chapters (including one from my own hand (Karré, 2006)), in which various aspects of hybridity are described theoretically. It also includes several chapters which describe hybridity’s consequences both for an organization’s management as well as for its (public) accountability. One of the chapters in this section also summarizes the key findings of the study conducted by the Netherlands Court of Audit on the public entrepreneurialism of hybrid organizations. The volume contains eleven case studies on how hybrid organizations function in a variety of contexts (charity, health care, media, social housing, higher education, elderly care, the
provision of drivers’ licences and study loans, waste incineration, vocational education and terrorism).

Based on all this, Brandsen et al. draw several interesting conclusions in their final chapter (Brandsen et al., 2006a). They conclude that the debate on hybrid organizations is in need of nuances, as one’s definition of hybridity depends on the perspective one chooses. That also means that there is not one, generic kind of hybrid organization. A multi-faceted approach, bringing together insights from various disciplines, is needed to fully grasp the concept of hybridity.

They also conclude that hybridity has the biggest effect for an organization’s managers. They play a central role in the organization’s attempts to combine conflicting goals and have to switch between different roles. Because of this, they often feel pressured and are faced with difficult trade-offs. Brandsen et al. cite Evers & Laville (2004) who note that, while it is theoretically easy to argue for balancing different values, it is more realistic to assume that such a balance cannot be achieved in practice, especially when different stakeholders have varying views on what constitutes a proper balance. As a result, an organization’s managing director needs to properly manage each stakeholder’s expectations and especially those of the organization’s political principals. This is of course always the case, but hybridisation tends to increase the numbers of ways in which an organization can fail, making hybrids politically vulnerable in a risk-averse climate.

On the street level most staff of the hybrid organizations described in the case studies barely noticed hybridisation in any direct sense, Brandsen et al. state. Where they did, it was in policy fields where commercial activities constituted a directly identifiable addition to regular working routines. This was especially the case in vocational education, where teachers became involved in contract based projects that stood clearly apart from their regular activities. Elsewhere, the effects of hybridisation mostly came in the shape of a stronger formalisation of tasks and output measurement, as well as an increase in workload. This created stress and was often experienced as unpleasant, but did not lead to the cultural conflicts the critics of hybridity like to warn about.

Brandsen et al. also collected the evidence concerning hybridity’s positive and negative effects as they had manifested themselves in the case studies. They summarize the risks brought forward in the literature on hybrid organizations as financial

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79 This case study describes ARN, a waste incineration company in Nijmegen. Rather than with its hybrid character, the case study deals with the complicated governance arrangement of the organization and the economic effects of it being one of the technically most advanced (and hence most expensive) waste incineration plants in the country.
dilemmas, a decrease in the quality of public service provision and cultural decay and conclude (1) that there are, grosso modo, no reasons to fear financial malpractices, such as public funds being used to subsidize commercial activities, (2) that there are hardly any data available on hybridity’s effect on performance and costumer satisfaction and (3) that there is no evidence that hybridity leads to cultural tensions.

Brandsen et al. summarize the benefits claimed to be connected to hybridity in the literature as innovation and as positive effects on both the financial situation of an organization, as well as on the manner in which it is organized. They conclude (1) that hybridity clearly leads to innovation, as it gives freedom but also because the market enforces it, (2) that hybridity can lead to financial benefits for some organizations but that one can not support the claim that these financial benefits are guaranteed to occur in each and every case and (3) that hybridity leads to synergy, as public tasks are fulfilled in new, more innovative ways and operational tasks are divided in a better way, because of diversification.

Brandsen et al. come to the more general conclusion that even after studying several case studies of hybrid organizations, many important questions still need to be addressed in more detail, such as (Brandsen et al., 2006a, p. 434):
- What are the effects of hybridity on various levels of an organization?
- What are the effects of hybridity on the quality of an organization’s service provision?
- What are the economic effects of hybridity in organizational practice?
- Are the theories used so far to conceptualize hybrid organizations sufficient or do we have to go beyond the state-market dichotomy and the state-market-society trichotomy?
- Is it desirable to establish a new legal form specifically for hybrid organizations?

10.4.4 Comparison

The conclusions drawn by Brandsen et al. on the basis of the various case studies generally point in the same direction as my own. There are differences in interpretation though as I would also count a stronger formalisation of tasks and output measurement, as well as an increase in workload as cultural effects of hybridity, because they were, based on the mantra that they had to become more businesslike, imposed on organizations and their staff who had, as agencies, been used to other standards and procedures.

My research also contributes some new aspects to the scientific and societal debate on hybrid organizations by tackling several of the topics for further research Brandsen et al. list at the end of their concluding chapter. I addressed in more detail than they did
the positive and negative effects of hybridity that manifest themselves in organizational practices. I developed an indicative-diagnostic tool to make it possible to anticipate which effects may arise, specific to the hybrid fingerprint of the organization in question. My ten dimensional model of a hybrid organization can also be used to contribute the multi-facetted perspective on hybrid organizations advocated by Brandsen et al., as it goes beyond the outdated dichotomy between public and private.

I am aware that not all Brandsen et al.‘s questions have been addressed sufficiently in this thesis and new ones have arisen as well. My thesis therefore is maybe not the definitive piece of research on hybrid organizations but in any case a first step towards a deeper understanding of hybridity. In the next section, after a short discussion and several recommendations for those dealing with hybrid organizations in practice, I formulate several suggestions for how this understanding could be broadened by new scientific research.

10.5 Discussion and recommendations

I used Van de Donk’s societal triangle as a point of departure in this research. Each of the corners of this triangle represents another societal domain (the state, the market and the community) with a distinct coordination mechanism at play (coercion, free exchange of goods and services, love). In each domain other values are paramount and other behaviour is expected or rewarded. At the corners of the triangle there is no mix of values or coordination mechanisms. Also, organizations situated there only have homogenous external relations. In other words, they only deal with others like themselves.

This all changes when we venture into the middle of the triangle. There lies the area which I call the hybrid realm (and Billis describes as nine hybrid zones) and in which we find hybrid organizations. They have to combine the different (and often conflicting) coordination mechanisms and values of each of the three sectors in one way or another. Their external relations are also more likely to be heterogeneous. This is by the way not a situation only hybrid organizations have to deal with. It applies in a more general sense to all sorts of multicultural relationships.

How we judge hybrid organization depends on how we look at them. Hybrids are desirable from an innovation perspective, when the fresh combination of traditional elements is expected to create novel solutions. Hybrid organizations can in this perspective be seen as labs or hothouses for innovation.

They are desirable too from a governance perspective, in which we acknowledge that the wicked problems of our times cut across neat service lines and thus can not be
tackled by only one agency but rather ask for a multi-stakeholder approach. In this context, hybrids are important boundary spanners and mediators.

Hybrid organizations are not desirable from a more static or traditional view in which the primacy of politics is paramount. In this view, they are not seen as innovators or important boundary spanners but rather as perversions that have to be eradicated. For a long time this has been the prevailing perspective in the Dutch discussion but I expect it to be on the way out soon. This is mostly due to the changes in the world around us which mean that government has no choice but to ask other parties in dealing with the wicked issues society at large face. The discussion we need to have now is not whether hybrid organizations are good, bad, admissible or whether they should be forbidden. This boat has long sailed and hybrid organizations are here to stay. The discussion needed now is on how to unlock their innovative potential and make them instruments for improving the quality of public service provision. Or, to put it differently: the main question is not whether hybridity is heads or tails but how to make the best of both sides of the coin.

In order to achieve this goal, I make several recommendations below. I have split them into two sections: I will first focus on recommendations for those working in hybrid organizations and those that have to deal with them, either as principals or supervisors. I will then make several recommendations for those studying hybrid organizations.

10.5.1 Practical recommendations

Politicians and other critics of hybrid organizations should get real

In much of the Dutch debate, hybrid organizations are portrayed as an undesirable transformation away from public services being provided by public organizations. More than anything else, such a perspective only serves as a proof of ignorance for the history of a country that traditionally relies on hybrid organizations for the provision of public services. The fact that for a relatively short period between the Second World War and the end of the 1980s, the state did more than ever before in providing housing, health care and other services, should not belie the fact that this period was an exception in the broader scheme of things.

The politicians and other voices in the public debate that are critical about the mere existence of hybrid organizations should get used to the idea that such organizations are here to stay. Also, as the state has lost its ability to tackle wicked problems on its own, we can safely expect their number to steadily rise in the future. The challenge now does not lie in heated (and mostly philosophical) discussions on how to prevent hybridity, but in developing ways in which the strengths of hybrid organizations can be utilized optimally and their weaknesses adequately be controlled.
Hybridity is indeed (to put it colloquially) no walk in the park, as it increases the number of ways in which an organization can fail. This makes hybrid organizations politically vulnerable in a risk-averse climate but it is naïve to believe that it always is or should be possible to totally eliminate every risk in our lives and that those working in the public sector should restrain from taking any risks at all possible costs. The task for the future lies, in my opinion, in devising ways of how to make these risks manageable. The first step in achieving this is the easiest and includes acknowledging that they exist and that they will have to be dealt with if hybridity in an organization is ever meant to be a success. A second and more difficult step is to develop shrewd ways of how to do that. Academia should play an important role in this regard (see the next section) but also other participants of the debate about hybrid organizations should devise clever ways managing hybridity’s risks. The following recommendations are aimed at them.

Do not forget about the flipsides

The question whether or not to hybridize my three case organizations was seen in different ways by their managing directors and their political principals. While the directors mainly saw opportunities, the politicians focussed on the risks involved. Or to put it in other words, they focussed on either side of the same coin while sometimes forgetting about the flipside.

One of the main messages of this thesis is that hybridity is a heads and tails subject: the positive and negative sides of the coin can never be enjoyed independently from each other. This may make dealing with hybrid organizations messier and more difficult than with ideal-typical public or private organizations. However, the advantages of hybridity warrants trying it, as long one does not forget about the risks and treats them with the attention they deserve.

Managing directors of hybrid organizations have to build bridges and temper expectations

Hybridity asks of managers to develop a certain kind of intuition that makes them see the opportunities of a more entrepreneurial strategy but also makes them understand its limitations in a public sector environment. They have to act as boundary spanners and have to learn to build bridges between their organizations, their various customers, politics and society as a whole. In practice, this means that they have to try harder than managers of purely public and private organizations not to antagonize other groups, such as their customers, political principals and staff, while also not becoming captured by any of them.

This is made difficult by the fact that, as the before mentioned Evers & Laville (2004) note, that, while it is theoretically easy to argue for balancing different values, it
is more realistic to assume that such a balance cannot be achieved in practice, especially when different stakeholders have varying views on what constitutes a proper balance.

I therefore join Brandsen et al. in recommending that an organization’s managing director needs to properly manage each stakeholder’s expectations and especially those of the organization’s political principals. This also means being perfectly open about the expected benefits and risks of hybridity and to whom they apply.

*Provide a better insight in hybridity’s positive economic effects*

I concluded in my case studies that their hybridness had a positive effect on the organizations’ profit and turnover but that it was less clear whether this also benefited the public. This makes it easy to claim that hybridity mainly helps an organization to enrich itself without tangible benefits for the citizens (a claim not supported by my findings). I therefore recommend that the managing directors of hybrid organizations do their utmost to make it clear to their critical followers, like politicians and citizens, that the economic benefits they claim through hybridity will ultimately benefit them. The increased turnover and profit of a hybrid organization can namely never be a goal in itself but only a means to achieve benefits for the public.

*Get real about unfair competition*

A flipside of higher turnovers and profits as positive effects of hybridity, is unfair competition. My case studies revealed that it is very much in the eye of the beholder what to count as such, as one man’s unfair competition is another man’s public interest. Politicians have to be clear on that when they explain to complaining commercial companies why they have chosen for a hybrid arrangement. This of course is no carte blanche for a hybrid organization to run irresponsible risks with public money. A proper risk assessment is vital with any risky initiative being undertaken. Important questions in such an assessment are whether the expected benefits warrant the risk being taken, whether the risk is in itself reasonable and whether it can properly be addressed beforehand.

*Staff has to get used to competition*

My research has shown that a change in funding and the introduction of competition can improve the performance of an organization providing public services. The employees of hybrid organizations will have to get used to the fact that times have changed. That means that efficiency and effectiveness will remain values that should also matter to them. They also have to get used to working harder and being controlled more as illicit behaviour will not be tolerated in a commercial setting. Yet the managing directors of hybrid organizations have to be well aware that they are not yet
running normal enterprises and that they have a certain responsibility towards their employees.

*Treat all customers equally*

Two of my case organizations had two kinds of customers: captive, public customers and private ones that were free to take their business elsewhere. This made it tempting for the organizations to spend more attention on private customers than public ones, as the latter were not going anywhere. Based on this I recommend that hybrid organizations treat all their customers equally. They should also have to compete for the business of their public customers.

*Invest time and energy in culture*

My research has shown that hybridity does not necessarily lead to the catastrophic clash of cultures the adversaries of hybrid organizations warn about. But it does not lead to cultural synergy by itself either. Whether the combination of public and private sector values is a success, depends on how the management of a hybrid organization deals with the cultural transformation process. I recommend that this takes place in an open and bottom-up manner. Cultural change that is ordered from above and which is based on the idea that the current culture is reprehensible, will only lead to antagonism between an organization’s management and its staff.

*Come to clear and professional governance arrangements*

Because they mix several potentially conflicting elements, hybrid organizations are in need of a clear governance arrangement with a clear division of tasks and responsibilities between the organization itself and its public principals. Such a governance arrangement can not only exist in paper. The problems and frustrations of my three case organizations showed the importance of good governance being brought into practice.

I am inclined to recommend that the political principals of a hybrid organization should refrain from taking a place in the organization’s supervisory board, as this can lead to conflicts of interests or at least make them more likely. This does not, however, imply that politics should have no say in what hybrid organizations do and how they conduct their services. They can still play an important role as guardians of the public interest by behaving professionally as an organization’s customer, shareholder and regulator. They would also do well to encourage organizations to employ other means of oversight next to that of their political principals.
10.5.2 Scientific recommendations

Besides these practical recommendations, I would also like to make several suggestions for further research on hybrid organizations.

Refrain from gross oversimplifications

The political and societal debate about hybrid organizations in the Netherlands is often conducted in a simplistic, black and white manner. Unfortunately many academics have chosen to participate in this debate in the same vein by treating ideal-types (i.e., the public and the private organization) as absolutes and not as abstract and hypothetical concepts aimed at facilitating comparison and dialogue. In reality, such constructs do not exist: organizations are far messier. It is academia’s duty as well as its added value to keep pointing this out in any discussion about hybridity. This will enrich the societal and political debate about hybridity and will ensure that it keeps closer track with reality.

Refrain from ideological statements

Next to often oversimplifying the world by treating organizational ideal-types as real-life forms, many academics in the Dutch debate on hybridity also fall foul of a second fallacy, as they do not refrain from ideological statements. Instead of describing the reality of hybrid organizations, they describe what they would like the world to look like according to their own ideological beliefs or present us with equally unrealistic horrors scenarios. Rather than participating in ideological and essentially pointless debates (after all, hybrids are here to stay), academics should invest their time and energy in devising ways of how hybridity’s negative effects can best be managed and how its positive effects can be amplified.

The following four points are recommendations on how academics can contribute to a debate about hybrid organizations that is more thoroughly thought through, less simplistic and less ideological:

Examine how hybrid organizations differ by sector

I think it is a positive development that the scientific research on hybridity has recently started to make a shift from a more conceptual and normative approach towards one in which more emphasis is put on what hybridity means in organizational practice (see for an overview of the most current literature on hybrid organizations Brandsen & Karré, 2010). But much more work still needs to be done. More research is needed on how hybrid organizations differ by sector. The multidimensional model of a hybrid organization I devised in my research can help to generate new insights in how hybrid organizations look like in various contexts and whether and how the effects differ of their hybridness.
Undertake more international comparisons

It is important to conduct more international comparisons of hybrid organizations. By doing so, a systematic body of knowledge can be built up. International comparisons enable us to learn from good practices elsewhere. Such international comparative research should take into account the effect of European Union regulations and policies towards hybrid organizations.

Undertake more inter- and multidisciplinary research

Second, we also need more inter- and multidisciplinary research, teaming up, for example, scholars in public administration or political sciences with economists and legal scholars. In the past, at least in the Netherlands, most research on hybrid organizations has been undertaken in the field of public administration. This is understandable with regards to how hybrid organizations have come on the scientific agenda in the 1990s (see section 3.1). It is now time to broaden the insights generated in public administration with that of other disciplines. That this is already happening to some extend, is in my opinion a step into the right direction.

Develop a better understanding of the positive and negative effects of hybridity

More time and effort has also to be invested in studying the positive and negative effects of hybridity. It is important to know under which circumstances or conditions either of them will manifest themselves. The indicative diagnostic tool that I developed in this dissertation should be a valuable aid in doing so. As soon as we discovered what exactly causes positive and negative effects, we can devise strategies on how to maximize the first and mitigate the latter.

Examine the role hybrid organizations can play in a world of scarce resources

The aftermath of the financial and economic crisis that grips the world since 2007, has also triggered a debate on the future of governance and the relationship between market, state and civil society. The state, which lost much ground during the last twenty odd years, is called to step up to the plate. But it seems to have lost its capacity to act as regulator of globalized markets and as a provider of public services in times when financial resources are scarce (whether due to industry bail-outs, demographic time bombs and environmental vulnerabilities). There not only are severe worries about ‘the state of the state’ but also about its capability to tackle the major challenges of today’s society, even more so as we have lost trust in the market as an alternative. More research should be undertaken to examine the role hybrid organizations can play in such a world of scarce resources. They could be a viable middle-way between state and market.