

## **“HYBRID COMPANIES”: SEEKING THE “SOCIAL VOCATION” IN THE RESILIENT BUSINESS**

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### **Abstract**

*The goal of the paper is to offer a review of the current business models, which can jointly highlight a profile, both of adherence to the concepts of “sustainable development” and of resilience to the critical variables (new and systemic), characterizing the present economic crisis also resulting from the pandemic emergency. After a brief historical reconstruction on the concept of “globalization”, the initial part of the paper tries to identify a business paradigm – the “hybrid company” – oriented towards the concept of “sustainable development”.*

*The final part of the study offers a driver identification process of the “resilient company”, closely related to the concept of “business hybrid” (previously declined).*

**Keywords:** *hybrid companies, resilient business, pandemic crisis, covid-19, social vocation*

**JEL classification:** *M13, M14, M16*

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### **1. Introduction**

Recent climate change and related pandemic phenomena have brought to light all the fragility of the current concept of “globalization”, a term attributed to the British weekly “The Economist” (in 1962) and entered into

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common use from since the 1990s, when the use of the Internet for civilian purposes became widespread (in 1991).

That said, the idea of a global market has much deeper and more remote roots, which economic historians attribute to the colonial period (from which the term “colonialism” is derived), which developed between the fifteenth and sixteenth centuries, through geographical explorations and the consequent start-up of new commercial activities linked to the import of raw materials.

An important turning point took place in 1776 by Adams Smith’s book “An Inquiry into the Nature and Causes of the Wealth of Nations” (more commonly known as “The Wealth of Nations”) (Smith, 1776). A balance was restored by this book between the importance of the commercial activities linked to the raw materials importation (“colonialism”) and that of the productive-organizational activities, destined to satisfy both internal and external demand, deriving from the export activities of new products (“mercantilism”).

The observation of the importance of the productive-organizational function was the premise for the advent of the first industrial revolution in the nineteenth century. The work of Frederick Winslow Taylor “The Principles of Scientific Management” (Taylor, 1911), theoretical basis of the technical-scientific organization of work, which had as its first empirical evidence in the organizational model introduced in the automotive industry founded by Henry Ford, subsequently summarized in the book “My philosophy of industry, Henry Ford” published in 1929 (Ford et al., 1929).

The theme of the evolution of the concept of “globalization” is very fascinating and lends itself to not always easy and convergent historical reconstructions, but what has been reported so far is still more than enough to outline some common aspects between the two declinations of “globalization”, to which the paper has referred (the modern one deriving from the start of the civil use of the Internet and the original one linked to “colonialism”).

Between the two meanings there are, therefore, some common aspects, such as, for example, the use of new technologies: those of the past, linked for example to the construction of new faster and more performing vessels and those technologies in use today, connected to the increasing use of the Internet and new information and communication technologies (ICT).

In both cases, the phenomenon of “globalization” has been interpreted over time, above all by referring mainly to its mere economic dimension. The final result, common to the two meanings of “globalization”, is and has been a common increase in health, economic and social inequalities worldwide (for many people) and a parallel centralization of wealth (to the advantage of a few subjects).

A gap further aggravated by recent climate change and related pandemic phenomena, which in addition to representing the fundamental differentiating element between the two meanings of “globalization”, today places human beings at a crossroads. Becoming aware of these events – now both announced and full-blown – and move towards “healthy progress”, modifying one's modus operandi, or continue to reiterate the mistakes of the past, generating “sick progress” and accept the inevitable and irreversible consequences envisaged by the scientific community.

The foregoing, therefore, imposes on us the duty – as a scientific community dedicated to the study of management – to review our business models proposed over time, questioning them, in search of that “social vocation” (SV) of the company, indispensable in pursuing fair and sustainable progress.

The objective of this contribution is, therefore, to offer a review of the current business models, which jointly highlights a profile, both of adherence to the concepts of “responsible existence” and “sustainable development”, and of resilience in order to limit the negative effects of the (new and systemic) criticalities of “globalization”.

From the foregoing, it is possible to derive potential areas of investigation, taken as the reference research question of this study, which can be summarized as follows:

1. Is it possible to formalize a business model, from which emerges an intrinsic “social vocation” oriented to the concept of “sustainable development”?
2. What are the possible behaviours and tools that the company must share and internalize to acquire that resilience profile in defence of the current criticalities of “globalization”?

In order to provide adequate answers to the research questions reported above, the proposal accepted in the present study, supported by a methodological approach with aprioristic theoretical profile (Ayres, 1961;

Freadman et al., 1992; Haspelmath, 2012; Kitcher, 1996), will dedicate the following paragraphs to offer the necessary insights.

**2. The “hybrid company”: a business model, from which can emerge the intrinsic “social vocation” oriented to the concept of “sustainable development”**

The path of declination of the “social vocation” of the company, identifies as a necessary starting point of the analysis, a preliminary reference to the concepts of “cause” and “effect” and identifiable in the respective notions of “Corporate Social Responsibility” (CSR) and “Sustainable Development” (SD).

The concept of SD has as a universally recognized reference the declination of the World Commission on Environment and Development's 1987 Brundtland report "Our Common Future" as the "(...) *development that meets the needs of the present without compromising the ability of future generations to meet their own needs* (...)"(UN, 1987).

On the concept of CSR, although the European Commission has expressed itself on several occasions, it is believed that the definition coined in the 2001 “Green Paper” is the most comprehensive, incisive and essential of all.

In the source cited, the CSR is declined as “(...) *the voluntary decision to contribute to the progress of society and the protection of the environment, integrating social and ecological concerns into company operations and interactions with stakeholders* (...)” (EC, 2001 ).

The evident causal relationship between the concepts previously exposed, would therefore be formulated as follows: the voluntary actions attributable to CSR (cause), represent the tool for the realization of “globalization” processes oriented towards a dimension of SD (effect), thus generating a model of positive “globalization” (or fair “globalization”).

The current “globalization” processes have not always been carried out with responsible behavior oriented towards the SD. In other words the companies, in addition to the commitment to generate profits, have lacked equal attention to their stakeholders, offering as a final effect a generalized negative impact in economic, financial and social terms, a consequence further aggravated by the effects deriving from the pandemic emergency.

At this point it is possible to hypothesize that the combination of these considerations will impose, as a consequent effect, the theorization of new

“hybrid” business models (Corsi et al., 2021; Kolk et al., 2016), within which they will have to work side by side in a stable balance towards two attentions: a “profit” dimension integrated with another “not for profit”.

Over time, management studies have shown how companies must necessarily direct their attention towards long-term objectives of strategic value, by which to implement a convergence with ethical values and principles.

From what has been highlighted, it can be said that the concept of “Business Ethics” (BE) is characterized by a two-dimensional nature capable of jointly guaranteeing compliance a constant and lasting attention (Pollifroni, 2021):

- a) to one's own interests and those of the stakeholders (both internal and external), thus implementing an approach oriented towards the CSR model (described previously);
- b) to “Business Durability” (BD), understood as that attitude in guaranteeing compliance with the “going concern” principle (governed by IAS 1), in a medium-long term perspective (Krasnov et al., 2017 ; Hapsoro et al., 2017).

Therefore, so that we can speak of companies correctly oriented to an ethical model, it is necessary to satisfy both conditions jointly and this condition can be expressed through the following formula:

$$BE = \{CSR, BD\} \tag{1}$$

Where:

- BE = “Business Ethics”;
- CSR = “Corporate Social Responsibility”;
- BD = “Business Durability”.

Therefore in the following formula BE is represented by the intersection ( $\cap$ ) of two sets (not empty), which represent - respectively - the determinants of CSR and BD:

$$BE = (CSR) \cap (BD) \tag{2}$$

The BD concept used up to now has so far been associated exclusively with the corporate entity alone, but this is limiting, as the scope of analysis

should also include the protection of durability attributable to the entire external social environment, in which the company is find to operate.

This latter attention can be associated with the concept of Social Durability (SD) in the sense that the company's perspectives should not be limited to the observation of one's own BD, in a medium-long time perspective term, but the same attention should also be reserved to SD of all stakeholders (internal and external) and – in general – to the entire social environment interested in the company's activities.

This dualistic focus can be taken as a reference in declining the concept of "Social Vocation" (in acronym SV), symbolically represented in the following formulas:

$$SV = (CSR) \cap (BD) \cap (SD) \quad (3)$$

$$SV = (BE) \cap (SD) \quad (4)$$

This step is of fundamental importance for the purposes of declining the "social vocation" (SV), whose profile - at this point - can be extended to any type of model:

- profit-oriented companies,
- non-profit organizations,
- public institutions.

Given the above, this theorization proposes the identification of the following "SV models":

- a) "Endogenous SV",
- b) "Exogenous SV".

These models are illustrated below.

A) The "endogenous SV" is a SV derived from within the company, which can be divided into:

- a.1) "Voluntary endogenous SV",
- a.2) "Endogenous SV with a religious profile".

A.1) The "endogenous SV with a voluntary profile" is a voluntary SV derived from within the company, that is, not imposed by law and pertains to the business sector (or "profit oriented" companies, privately or publicly owned).

A.2) The "endogenous SV with a religious profile" refers to the sector of the religious institutions.

B) The “exogenous SV” is a SV derived from outside the company, which, in turn, can be divided into:

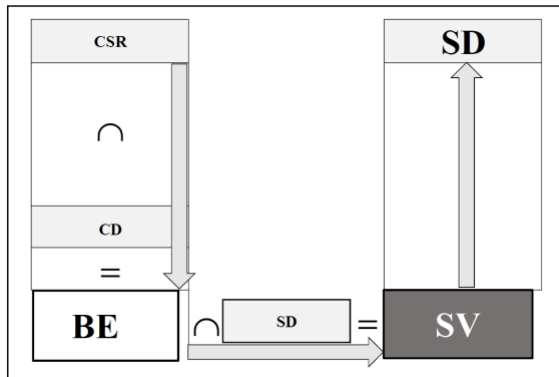
- b.1) “Exogenous SV with an institutional profile”,
- b.2) “Exogenous SV with a regulated profile”.

B.1) The “exogenous SV with an institutional profile” is intrinsic in the purposes of the individual institutional activities implemented at every level by public companies (central or peripheral) and has as its reference the primary reference regulatory sources (for example the Constitutional Charter).

B.2) Finally, the “exogenous SV with a regulated profile” refers to “non-profit” companies, whose regulation has been systematically implemented by the legislator, through a series of subsequent reforms, implemented over time.

The entire proposed theorization process finds a descriptive summary in the following Figure 1.

**Figure 1: Summary scheme of the proposed theory**



Source: Authors' representation

The Figure clearly highlights the rejoining function attributable to the SV of the company between the concept of BE and that of SD.

### **3. Behaviours and tools that the company must share and internalize to acquire a resilience profile**

This paragraph is dedicated to providing an in-depth path to the second research question, in order to offer a possible systematization of the

possible behaviours and tools that the company must and can share and internalize in order to acquire those resilience profiles (Ayala et al., 2014; Calabrò et al., 2021) in defence of the current critical issues arising both by the “globalization” of markets and by the economic crisis induced by the pandemic emergency.

That said, the study path can find a consequent and coherent starting analysis of the following points:

- a) the declination of the concept of “business resilience”,
- b) the identification of the related drivers, or factors of “competitive advantage”, from which the “resilient company” can benefit.

As regards the first aspect – the starting point is the declination of “resilience”, which the main international dictionaries define, as: “(...) *The process of adapting well in the face of adversity, trauma, tragedy, threats, or significant sources of stress — such as family and relationship problems, serious health problems, or workplace and financial stressors. As much as resilience involves “bouncing back” from these difficult experiences, it can also involve profound personal growth (...)*” (source: <https://www.apa.org/topics/resilience>).

This last definition, in this study, appears to be of valid support in order to define “business resilience” as “(...) *the company's ability to resist and react in the face of difficulties, adversities, negative events, to protect its durability, directing its attention towards long-term objectives of strategic value, on the basis of which to implement a convergence with values and principles of an ethical nature (...)*” (Pollifroni, 2021).

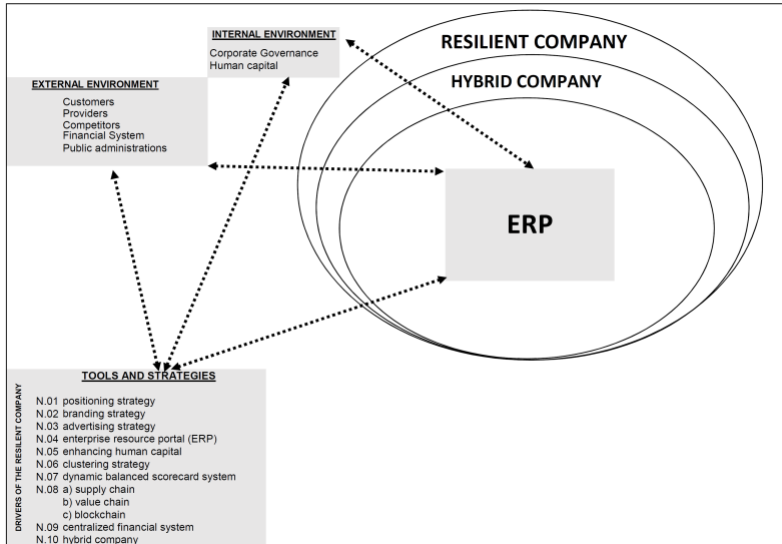
As regards, instead, the second aspect - the identification of the relative drivers, or factors of “competitive advantage”, from which the “resilient company” can benefit, point b) (Coutu, 2002; Kaplan, 2020) - a first variable has already been indirectly referred to in the previous pages and can be traced back precisely to being a “hybrid company”.

This finding finds its own justification as it has already been stated on the topic in the previous paragraph, where it was intended to highlight the adherence of the “hybrid company” to the SD issues: a profile highly appreciated by the entire international community.

In addition to this first driver, other tools (or strategies) for strengthening corporate resilience can be identified from the most relevant studies produced by the international scientific community and schematized in Figure 2.



Figure 2: Summary scheme of the proposed theoretical framework



Source: Authors' representation

The theoretical framework purposes a set of drivers that can be summarized as follows:

- adopt a positioning strategy,
- adopt a branding strategy,
- adopt an advertising strategy,
- develop your own enterprise resource portal (ERP),
- enhance human capital,
- adopt a clustering strategy,
- develop your own dynamic balanced scorecard system,
- define an integrated strategy to the supply chain, the value chain and the blockchain,
- have a centralized financial system,
- be a “hybrid company”.

With the exception of the last point (be a “hybrid company”), for understandable editorial needs the due study that any other point would deserve is referred to the corresponding scientific literature produced in the single academic field: the proposed theoretical framework of analysis process

has found a descriptive summary in the previous Figure 2 and it is resumed in the next paragraph dedicated to the conclusions of the paper.

#### **4. Conclusions**

The theoretical framework of analysis proposed in the paper wants to represent the systematization of the current tools proposed by the Business Economics Academia for all economic actors (profit-oriented companies, non-profit organizations and public institutions) to implement their orientation towards ethics and resilience.

The contents of the paper are addressed at a heterogeneous audience of subjects made up of academics, researchers, managers and policy makers:

- a) for academics and researchers to create new theoretical business models resilient to current economic adversities;
- b) for managers to implement their real business activities;
- c) and for policy makers to support the different activities realized by the subjects indicated in the previous points a) and b).

The framework proposed by the study sought to identify a set of drivers that every economic actor should understand, internalize and possess in order to guarantee a future – from a social, environmental and economic point of view – better than the present.

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