

Compassion and Inclusiveness of Hybrid Organizations

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Abstract—This study examines how individual-level compassion influences organizational decision-making regarding inclusiveness in impoverished countries. Surveying four types of Japan-based hybrid organizations that initiate market-based approaches to enhancing global health in developing countries, this paper explores how compassion affects the poverty level of the beneficiaries as a result of organizations' targeting. Based on the prosocial cost-benefit analysis, compassion for a particular individual reduces risk aversion and increases the perceived benefit to commit to take an action at the expense of self-interest. Despite this contribution of compassion, organizational-level constraints prevent compassionate individuals to serve the extreme poor. Individuals in strategy-based hybrids have less influence on organizational decision on selecting a country as beneficiary. In contrast, compassion-based hybrids make decisions regarding target populations based on founders' unintentional encountering, thus their beneficiaries are not always the extreme poor. Within these organizational constraints, individuals with compassion for a particular individual make every effort to involve the extreme poor in their business process.

Index Terms—Compassion, hybrid organization, Japan study, global health.

I. INTRODUCTION

Literature regarding Bottom of the Economic Pyramid (BOP) business and inclusive business suggests that market-based approaches are more effective at alleviating poverty than philanthropic approaches. The private sector plays an important role in development, using a market-oriented approach to transform enterprise resources into development resources.

Despite rich discussions on inclusive business models and hybrids' sustainability, scant attention has been paid attention to the gap between the poor and the extreme poor. This gap may be widened by serving only the poor with purchasing power and by excluding the extreme poor. Shedding light on eliminating disparity as the guiding concept of the post Millennium Development Goals (MDGs), it is worth studying whether market-oriented activities can deliver utility to the extreme poor and/or the marginalized population to improve their quality of life.

Hybrid organizations that aim to alleviate poverty are expected to make up for government failure, business distrust, and nonprofits' resource shortage for scalability. This paper explores the possibility that hybrid organizations may be able to serve not only the poor but also the extreme poor.

The previous individual-level research on hybrid

organizations focuses on compassion as a key factor in differentiating social entrepreneurs from commercial entrepreneurs [1]. Developing the discussion, this study quantitatively assesses how compassion impacts development performance at the organization-level.

Carrying out a survey of four types of hybrid organizations in Japan, this paper intends to uncover relationship between individual-level compassion and organization-level inclusiveness.

II. LITERATURE REVIEW

A. Hybrid Organization

“Social enterprise” and “hybrid organization” are often used interchangeably, yet social enterprise is widely thought to be nonprofit. The recent research on socially motivated for-profits puts emphasis on their heterogeneity of legal forms, missions, and the diverse contexts [2]. Hybrid organizations have been recognized as organizations that mix aspects of for-profit and nonprofit realms to solve specific social or environmental issues while striving to remain economically sustainable [3].

Pragmatic and moral legitimacy encourages social entrepreneurs who venture hybrid organizations [1]. Since the early 1990s, more than 2,000 U.S.-based hybrid organizations have adopted legal status such as Limited Liability Companies (LLC), Low-profit Limited Liability Companies (L3C) and benefit corporations [4].

Other than legal status, B Lab has certified more than 1,338 for-profits that use the power of business to solve social and environmental problems, of which approximately 800 are U.S.-based entities as of July 2015. Those certified B corporations earned at least 80 out of 200 points on the B impact assessment. Developed by independent professionals, including a representative of USAID, the assessment contains questions on inclusiveness such as, “Which of the following underserved populations does your business explicitly target: low-income, minority, and/or disabled? And how do you track your beneficiary figures?” Certification for B corporations provides moral legitimacy, whereas legal structure affords pragmatic legitimacy.

Outside of the United States, hybrid organizations-companies with dual focus on social and economic goals-have typically three options for their legal structure: “a for-profit hybrid structure” that integrates a strong social mission; “a nonprofit hybrid structure” that earns some or all of its revenue; and “a mixed-entity structure” that associates a for-profit with a nonprofit [3].

Scholarly attention has recently shifted from legal structure to hybrids' unique business models because social entrepreneurs often change their legal status according to location and phase [3], [5], [6].

Organizational-level studies dominate the previous

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research on hybrids (74 out of 95 articles) [7]. Moreover, most individual-level literature highlights heroic social entrepreneurs depending on narrative or qualitative research [7]. Complementing this scant amount of individual-level research, Battilana examines factors of occurrence of institutional entrepreneurship [8], [9]. Based on the concept that individual actions shape organizations and institutions, Miller focuses on psychological aspects of social entrepreneurs [1]. Her research illustrates how three mechanisms (“integrative thinking”, “prosocial cost-benefit analysis” and “commitment to alleviating others’ suffering”) transform individual-level compassion into social entrepreneurship. Although individual-level research on hybrid organizations has increased, quantitative research at the individual level is still very limited [7].

B. Compassion and Hybrid Organization

Compassion is a key motivating factor for launching a hybrid organization [1]. Compassion creates a distinct motivated reasoning process that complements traditional theories of entrepreneurship, resulting in the creation of a hybrid organization when paired with institutional factors [10]. Compassion is here defined as the heartfelt experience of sharing the pain of another and the wish for alleviation of their sufferings, directing towards others as opposed to the self [11], [12]. Empathy and sympathy are often used interchangeably with compassion, and there is no consensus on the difference [11], [13].

From the perspective of prosocial cost-benefit analysis, establishing a hybrid organization seems to be a rational career choice for a compassionate individual. An individual first comes into contact with a person in suffering, and has compassion. Then, an individual generalizes his/her concern to a group of people suffering from similar issues [1], [14]. This psychological process may explain the reason that social entrepreneur goes beyond personal remittance or donation. The compassionate individual starts a hybrid organization to scale his/her socially motivated activity to serve the people suffering from similar social issue.

Compassion, a response to an other’s vulnerability, is contagious and directly relevant to other-oriented hope (being hopeful for others) [15]. Hope is a psychological asset that benefits individual’s psychological and mental health such that being helpful toward others reduces stress [15]. In addition, other-oriented hope reduces risk aversion [16]. Thus, compassion biases perceived benefits by promoting health and bringing personal utility, and causing individuals underestimate their personal risks such as fear to fail. Based on prosocial cost-benefit analysis, a compassionate entrepreneur/intrapreneur rationally makes a decision on founding hybrid organizations and contagious compassion makes individuals to work for hybrid organizations.

Criticizing Miller’s approach, Arend expects further discussion on the differentiating aspects of social entrepreneurship such as how the exploitation mode can address the market failures that produced the social problem [17]. If, as Miller illustrates, compassion distinguishes social entrepreneurs from traditional commercial entrepreneurs, how does compassion affect not only the emergence of a hybrid organization but also its development performance? This answer remains unclear.

C. Inclusive Business to Alleviate Poverty

International NGOs often criticize multinational companies, and the main role of the public sector has been to regulate for-profits’ harmful activities. Yet, both NGOs and the public sector are gradually changing their attitudes towards for-profits, and tending to regard them as their partners to achieve MDGs. Due to the inherited trait that prioritizes social and environmental problems, hybrid organizations may be more favorable partners to tackle social problems than pure for-profits. Encouraged by C. K. Prahalad’s discovery of the BOP market, traditional for-profits expanded their business to developing countries [18]. In recent five years, an overwhelming number of companies have applied M. Porter’s Creative Shared Value (CSV) concept to their business strategies in order to improve and/or justify their commercial activities in impoverished countries [19].

Differentiated from BOP businesses that target the poor with purchasing power, inclusive business models engage people living at the base of the economic pyramid in corporate value chains as consumers, producers, and entrepreneurs [20]. Traditional aid agencies such as the World Bank Group and the United Nations (UN) have promoted inclusive business as a method of poverty reduction. In 2005, International Finance Corporation (IFC) in the World Bank Group launched the Development Outcome Tracking System (DOTS) to measure the development effectiveness of for-profits. The United Nations Development Program (UNDP) plays a primary role in facilitating the private sector’s engagement in development through Business Call to Action (BCtA), an initiative to promote an inclusive business model.

Going beyond a “do no harm” policy, a growing number of for-profits involve poor people in their business. As of July 2015, IFC’s 2,000 clients operated their businesses in developing countries and approximately 8,300 for-profits had signed the UN Global Compact to show their commitment to the UN goals, such as MDGs. Especially in the global health sector, private development assistance has far exceeded Official Development Assistance (ODA). 108 BCtA member companies have collectively improved health outcomes for 63 million people. In addition, U.S. corporations have been major players in international development assistance, contributing \$7.7 billion in 2008 [21]. In this way, hybrid organizations including for-profits have been important actors and key partners in programs aiming at poverty alleviation [2].

The Millennium Development Goals Report 2015 highlights significant gains such as the rate of children dying before their fifth birthday, which has declined by more than half. On the other hand, this report also raises deep concerns on uneven progress and significant gaps. “No one left behind” is an overarching concept of a post-2015 development agenda [22]. However, previous research on private-sector engagement in development has barely discussed how to involve the extreme poor at the very bottom. Rather, research on the hybrid business model encourages private sector to prioritize the poor with purchasing power to achieve organizational sustainability. Hybrid organizations with primary objectives to create social value are more likely to take a leading role in addressing the disparity between the

poor and the extreme poor. How does the compassionate individual leverage an organizational-level decision? This study aims to shed light on whether compassionate individual can be influential when their organizations identify target populations.

D. Characteristics of Japanese Organizations

Japan provides both an encouraging and discouraging environment for hybrid organizations. “Sampo-yoshi (good for three parties; the seller, the buyer, and society)” is a basic management principle in traditional Japanese companies. For example, the mission statement of 150-year-old Itochu Corporation, one out of seven BCtA member companies in Japan, tells: “Building on our history that we moved through together with the philosophy sampo-yoshi, we will practice our CSR that is rooted in this principle also during the next 150 years” [23]. Contrary to this positively oriented principle, some irresponsible companies’ tremendous industrial pollution generated distrust of for-profits and anti-business sentiment in Japanese society in 1960s [24].

Considering the inherited managerial philosophy and environmentally-sensitive consumers, Japan may favorably accept the concept of hybrid organizations at the individual level. At the organizational level, as well, more than 200 Japanese organizations have shown their willingness to commit to a global agenda by signing the UN Global Compact. Moreover, major multinational companies in the Global Compact Japan Network spontaneously discuss inclusive business and other global agendas quarterly.

“Sampo-yoshi” is a driving force for good, however, it is still based on a strategic concept of profit-making. Hybrid organization, on the other hand, regards the market-based approach as a more sustainable method of development. In this sense, social entrepreneurs are still expected to take a leading role in establishing hybrid organizations whether inside or outside of traditional Japanese organizations.

Yet, the Global Entrepreneurship Monitor 2014 illustrates that Japan is the least developed country in terms of the perception of social values toward entrepreneurship [25]. In its survey, U.S. respondents show the lowest fear of failure (29.7%), whereas 54.5% of Japanese respondents express fear of failure. In addition to salient risk aversion, Japanese social perception towards entrepreneurship is significantly low. 64.7% of the U.S. respondents consider entrepreneurship as a good career choice; on the other hand, only 31% of Japanese perceive entrepreneurship positively. This may be explained by high job security in Japan. Lifetime employment discourages Japanese to make a decision on launching a new venture. Even after the recent economic recession, Japanese companies still prioritize hiring new and pure university graduates and inspiring loyalty in their organizations in order to discourage career changes.

Japan still has poor pragmatic legitimacy for hybrid organizations, although some heroic social entrepreneurs catching Japanese media attention increased moral legitimacy. Japan has no legal structure for hybrid organizations that are entitled to pursue social and economical objectives simultaneously. Nonprofits technically did not exist until the Japanese Diet enacted “The Law to Promote Specific Nonprofit Activities” in 1998. Before the so-called NPO law was legislated, Public Benefit

Corporations had been formally certified organizations that worked for social benefit [26]. Yet, profit-making by Public Benefit Corporations has not been socially acceptable in Japan. According to Japan NPO center’s survey, Public Benefit Corporations having less transparency and governance than nonprofits hardly gain social credit, so it is almost impossible for Public Benefit Corporations to raise funding from banks and investors [27].

Japanese nonprofits were born under the NPO law in 1998, three years after the so-called “start year of volunteerism in Japan.” In 1995, the Kobe Earthquake destroyed the region, and unexpectedly hundreds of compassionate Japanese rushed into the devastated area. Again, the massive earthquake in 2011 stimulated volunteerism in Japan. Not only individuals but also for-profits donated enterprise resource to people in suffering [28]. Stimulated by this phenomenon, the Japanese Diet passed a revised NPO law to reduce nonprofits’ administrative and operative burden. Japanese nonprofits have developed along with disaster-related volunteerism, so nonprofits in Japan are widely recognized as organizations that should not make profit intentionally.

Considering this background, neither Public Benefit Corporations nor nonprofits are able to transform themselves into hybrid organizations in Japan. Instead, Japanese multinational companies have focused on market-based approaches to poverty alleviation for the last five years. Since social entrepreneurs and nonprofits are not idealistic career options in Japan, socially motivated individuals in for-profits have started projects based on market-oriented approaches to poverty alleviation. Partly because for-profits have been the main financial source of Japanese nonprofits, more market-based actions have been popular among nonprofits. In addition to the globally blurred border between nonprofits and for-profits, reconstruction of a lifetime employment in Japan promotes individuals’ mobility across sectors [29]. This hybridity at the individual level may contribute to balancing two different kinds of objectives.

Another challenge for socially motivated individuals in Japan is the highly bureaucratic structure of Japanese organizations. Traditional Japanese companies have “ringi” (decision-making by consensus while respecting and maintaining hierarchical relationships) system that requires all parties’ agreement step by step [30]. Unless the board member demonstrates sensitivity for people in suffering, bottom-up decision-making requires a tremendous commitment of time and energy. So, only highly motivated individuals are able to take a role in transforming their divisions into hybrid organizations. Compassion makes individuals resilient and encourages an organization to make greater efforts to involve the extreme poor in business process.

III. HYPOTHESIS

From the previous studies, the following hypothesis emerges: compassion encourages an organization to make greater efforts to include the extreme poor. In other words, an organization that is run by a highly compassionate individual is more likely to involve the poorer people in its business process.

IV. RESEARCH DESIGN AND METHODOLOGY

The aim of this research is to examine the relationship between compassion and inclusiveness (including the extreme poor and/or the marginalized population in core operations).

A. Sample Design

This paper analyzes four organizations, each of which possesses a unique structure. They are noted as Company A (profit center), Company B (cost center), Nonprofit C (self-sustaining), and Nonprofit D (traditional). Considering the absence of legal structure for hybrid organizations in Japan, Company A is interpreted as a for-profit hybrid structure, Company B as a mixed-entity structure, Nonprofit C as a nonprofit hybrid structure, based on the typology of the previous research [3]. Compared with those new types of structure, Nonprofit D is a traditional nonprofit depending on donation and subsidy.

In this research, the sample of for-profits was chosen from the list of BCtA member companies and Global Compact Japan Network member companies. Four out of seven BCtA companies run inclusive business in the field of global health. Among those four, a company running inclusive business for the longest time is chosen as a representative of multinational companies in which business unit operates global health-related business in the developing countries. The other for-profit was chosen from the list of Global Compact Japan Network member companies. Out of 202 organizations on the list of the Global Compact Japan Network, a company of which CSR division invests the largest amount of resources in enhancing global health is chosen. This CSR division does not have a profit-making mission, and other for-profit divisions in the same company provide financial resource to this division. In this sense, this structure is similar to a mixed-entity model.

The sample of nonprofits was chosen from the list of Japan NGO Center for International Cooperation (JANIC) which manages the largest number of international nonprofits in Japan. 127 out of 412 nonprofits register themselves in the category either of health, alternative energy, or organic farming. Not only health-related nonprofits but also alternative energy and organic-farming-related nonprofits are included because activities in those two categories often primarily aim at improving health. 27 out of 127 nonprofits show interest in market-based approach, and 24 out of 27 nonprofits have already taken market-oriented activities. The survey requests were sent to those 24 nonprofits. Six responded, but four of them were unable to participate due to their resource shortage. One of the remaining two is a self-sustaining nonprofit, i.e., a nonprofit hybrid, and the other mostly depends on donation and subsidy.

B. Data Collection Procedure

An online survey was set up on Qualtrics and consisted of approximately 30 questions. The number of questions displayed depends on respondents' answer.

The first section consisted of individual-level items. Participants were given one item of the short version of the Compassion Love Scale for Humanity: "When I hear about someone (a stranger) going through a difficult time, I feel a great deal of compassion for him or her." Responses were

given on a seven-point scale range from 1 (not at all true for me) to 7 (very true for me) [11].

In addition to the assessment on compassion for humanity, this survey examined interpersonal contact with someone in poverty and respondents' compassion for him/her, asking "Do you have a friend who lives in a developing country?" and "Did you feel compassion toward him/her?" Respondents also responded to an item asking "How do you maintain a relationship with your beneficiaries?" with four choices: (1) Visiting in person; (2) Skype or other face-visible teleconference; (3) Social media, and (4) No personal relationship. This question was designed to measure how strong their ties were.

Respondents were given a four-point response scale from "very risk-averse" to "not at all." Additionally, respondents indicated whether they have a spouse to support economically and/or physically.

Followed by the items associated with prosocial cost-benefit analysis, respondents evaluated their willingness to make an extra effort to involve the extreme poor in their business at the expense of self-interest. One was, "Are/were you willing to take steps to improve the quality of life of the vulnerable, even if it meant reducing your standard of living? (e.g., moving to a developing country or a cheaper house)" The other was, "Even though someone in a position of authority over you (such as a co-founder, an investor, the board or a boss) strongly disagreed with your idea of involving the extreme poor in your business, you would try to persuade them to change their mind as long as.." with five choices: (1) "business can be profitable"; (2) "its loss can be covered internally"; (3) "there is a possibility to collect donation or additional investments"; (4) "it is social justice," and (5) "there is no negative impact on my personal life (i.e., income, social relationship)."

Closing the individual-level items, the next section assessed inclusiveness at the organization-level. Similar to B Impact Assessment created by B Lab, sample inclusiveness-related items are: "Indicate number of your beneficiaries at each level of poverty: low income (e.g., small farmers), poor (e.g., seasonal worker), very poor (e.g., the disabled);" and "Which country, region and village do your ultimate beneficiaries live in?" Respondents provided a response in their own words.

Four participants, sampled as described above, were provided with a link to an online survey site of Qualtrics.

V. FINDINGS

A. The Degree of Compassion

The respondents were three males and one female. In terms of the gender difference, previous studies prove that females show significantly higher level of compassion for humanity than males. The sample of this survey included only a female, and this tendency was not observable [14]. Nonprofit D's female respondent showed the lowest level of compassion for humanity, whereas three male respondents showed 4 out of 7.

The respondent with the least compassion for humanity exhibited the strongest unselfish willingness to commit to the extreme poor, on the other hand, the respondent with moderate compassion for humanity demonstrated less

willingness to sacrifice his self-interest. These results do not support my assumption that more compassionate individuals indicate stronger willingness to dedicate themselves to marginalized people.

However, the respondents who had interpersonal contact with a person in impoverished country and who felt compassion showed strong willingness to commit to action. Those respondents belong to nonprofits. Their career choices already illustrate how strong their commitments are because most Japanese are reluctant to work for nonprofits. Nonprofits such as Teach for America and Oxfam are listed on the Employer Attractiveness Rankings Top 10 in the U.S. and the U.K.; on the other hand, no nonprofit is ranked in the top 100 in Japan. Trailing far behind foreign nonprofits, Japanese nonprofits are still underdeveloped in some ways [31]. The respondents in this survey chose Japanese nonprofits to work for, which reflects their strong willingness to commit to underserved populations.

Much lower commitments are indicated by the other two respondents in for-profits: one does not have any personal relationship with a person in the developing countries; and the other did not feel compassion for his friend in the impoverished area. Considering this positive correlation between compassion for a particular individual and willingness to commit to the extreme poor, compassion produced by interpersonal contacts increases willingness to take risks.

TABLE I: SUMMARY OF SURVEY

	Company A	Company B	Nonprofit C	Nonprofit D
Organization's financial characteristic	profit center of a company	cost center of a company	self-sustaining	donation-based
World Bank's category of targeted country	Low	Upper-middle	Lower-middle	N/A
HDI ranking of targeted country	173	118	117	N/A
Respondent's Risk aversion	3	3	4	4
Compassion for humanity	4	4	4	1
Compassion for a particular individual	No	No	Yes	Yes
Willingness to involve the extreme poor	1	0	2	5
Willingness to commit to taking action for the extreme poor	1	0	2	5

B. Prosocial Cost-Benefit Analysis

Prosocial motivation such as compassion may foster commitment to action such as the choice of launching a hybrid organization [1]. Nonprofit C's responses show that his strong compassion for his friend may have increased the perceived benefit and reduced his strong risk aversion. Despite the fact that he has a spouse, he chose to become a social entrepreneur in Japan. Pragmatic and moral legitimacy

is absent in Japan, however, the social group that inspires him may have slightly increased his perceived benefit. His compassion for his friend in suffering may strengthen his resilience and patience to serve the extreme poor. Nonprofit D's respondent also has the strongest risk aversion. However, her compassion for her friend in a developing country may reduce her risk aversion and encourage her to persuade her boss at the expense of self-interest. She is willing to fight against her boss to serve the extreme poor as long as "it is social justice."

On the other hand, Company B's respondent with less risk aversion is reluctant to sacrifice his social relationship and economic success. He does not have any friend in the development countries, so the lack of compassion for a particular individual does not increase his perceived benefit. Company A's respondent has more risk aversion than Company B's and he has also no compassion for a particular individual. He does not have a willingness to take informal action, but he is willing to wait for the opportunity to involve the extreme poor in his business' core operation in the future. His interpersonal contact with beneficiaries before launching his project may slightly affect his patience.

The willingness to commit to the extreme poor is not significantly affected by their higher motivation for continuous learning on developmental problems, their interest in career change into public sector or nonprofits or their external social groups that inspire them.

C. Inclusiveness at Organizational Level and Compassion

In terms of the number of the beneficiaries, Company A and Company B are far superior to Nonprofit C and Nonprofit D. Yet, this study intends to discover the degree to which hybrid organizations can be inclusive from the aspect of the beneficiaries' poverty level.

From the perspective of location selection, Company A and B chose their target areas based on their corporate strategies. On the other hand, Nonprofit A and B chose their target area based on the beneficiaries for whom founders felt compassion. Company A operates its business in Ethiopia and the poorest country that Company B serves is South Africa. According to the World Bank's classification for 2016, Company A's target country is categorized as a low-income economy (\$1,046 or less) and Company B's as an upper-middle-income economy (\$4,126 to \$12,735). Led by compassion, Nonprofit C targets the Philippines, a lower-middle income country (\$1,046 to \$4,125), and respondent of Nonprofit D did not specify its target area. As for Human Development Index (HDI) 2014, Company A's target country is ranked at 173, Company B's at 118, and Nonprofit C at 117 [32]. The strategy-based organizations such as for-profit hybrids (Company A) and mixed-entity structures (Company B) are capable of involving the underserved countries as Company A is.

However, compassionate individuals in Japanese multinational companies have less influence on decision-making when a country is selected as beneficiary. For example, Ajinomoto, a BCtA member company in Japan, started their "The Ghana Nutrition Improvement Project" in Ghana for two main reasons: Ajinomoto planned to expand its business in Africa; and the majority of children in Ghana suffer from malnutrition. Having reviewed a hunger map,

Ajinomoto strategically targeted Ghana to get the most out of Ajinomoto's expertise in amino acid. Once Ghana was targeted, the inclusion of the extreme poor in northern Ghana depended mostly on individuals' efforts. As such, individuals' compassion affects organizational decisions regarding targeting population once a country is selected by the board member. When a region and a community in the selected country are chosen as beneficiary, individuals who have compassion for a particular individual may try to involve the extreme poor in the selected country at the expense of their self-interest.

In addition to top-down decision-making, there is another organizational-level constraint: safety guidelines for employees in Japanese multinational companies. Japanese multinational companies' strict safety guidelines often prevent employees from working in danger zones, so compassionate individuals should serve the poorer people within those constraints or informally spread the word to solicit help.

Nonprofit hybrids have less scalability, but have more flexibility to make decisions to select a country and population. When it comes down to the details, however, its compassion-based targeting may heavily depend on random meetings, in other words, contingency. This may be why nonprofit hybrids do not necessarily target extremely poor countries. Strongly compassionate founders' organizations target countries where they incidentally met their friends in need.

This survey discovered additional organization-level constraints. Mixed-entity and nonprofits in this experiment have no plan for next year's activities because their budget heavily depends on external financial resources. Absence of a plan makes hybrids run business on a day-to-day basis and public sector regards them as unreliable partners in development. On the other hand, although for-profit hybrids have more financial stability and predictable contributions, as described above, they have less flexibility to consider compassionate individuals' opinion on inclusiveness.

At the country level, compassion does not always affect the organizational-level inclusiveness such that Company A serves the poorest country and that Company B operates in the lower HDI country than the compassionate Nonprofit C. For-profits' rich resources and strategy-based targeting may be able to benefit the poorer or the lower HDI countries. At the region or community level, however, generalized compassion may play a key role in involving the underserved population once a country is targeted in a top-down fashion.

D. Limitations and Future Research

Although this study intends to provide quantitative analysis on compassion and its impact on inclusiveness as performance in the context of development, there are a few limitations.

First, the sample is limited because this study focused on Japanese organizations that tackle global health in developing countries. Future research can expand the sample to foreign companies or use snowball sampling to increase the sample and its response rate.

Second, the collected data is not statistically analyzed due to the shortage of the sample. Assessment on compassion is a simplified version of the Compassion Love Scale that

consists of at least five items. Similarly, the degree of risk aversion is self-reported.

Third, detailed numeric data on hybrid organizations' inclusiveness are absent. Despite the availability of the number of beneficiaries, it was difficult to collect data on the poverty level of those beneficiaries, e.g., where they live and how much they are marginalized. Future research will apply mixed research method to complement self-report data on inclusiveness and investigate inclusiveness at region or community level.

VI. CONCLUSION

This paper explored the influence of compassion on hybrid organizations' inclusiveness in impoverished countries. At the country level, compassion is not correlated with organizational inclusiveness. There may be two main reasons for this. First, individuals in hybrids based on strategy-led targeting have less influence when their organizations make a decision on a target country. Second, compassion-based targeting relies heavily on random meetings, so their target population is not always the extreme poor.

However, the survey results indicate positive correlation between compassion for a particular individual and willingness to involve the extreme poor. In spite of their high risk aversion, individuals who felt compassion for particular individuals in impoverished countries showed a strong commitment to action at the expense of self-interest. Thus, the more compassionate individuals may potentially involve the poorer population in a country, region or community.

On the flip side, the lower risk-averse individuals who do not feel compassion for particular individuals are less likely to commit to taking action. Even though a poorer country is selected at the organization-level, less compassionate individuals are less likely to make every effort to involve the extreme poor in the assigned country.

Contrary to my assumption, compassion for humanity does not reduce risk aversion enough to increase individuals' commitments. In addition, neither knowledge regarding development, inspiring social group outside the company, nor interest in career change into public or nonprofits significantly affect the perceived benefit.

Organizational constraints prevent compassionate individuals from serving the extreme poor. Still, individual-level compassion for a particular individual significantly affects willingness to involve marginalized populations at the expense of self-interest. Making use of this psychological contribution, increasing interpersonal contacts with the underserved people may contribute to the emergence of hybrid organizations that serve the poor at a deeper level and an eventual narrowing of the gap between the poor and the extreme poor.

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