The Rise of Hybrid Practice
Creative Institutional Design as Arts Entrepreneurship

Amy Whitaker
New York University

ABSTRACT: This paper redefines hybrid practice as a form of creative institutional design rooted in the problems of dealing with multiple forms of value, an area in which the arts offer pioneering cases for general theory-building. The cases in this paper support a theoretical distinction between creative organizational design that is an external amalgamation of existing legal forms, an internal design of metrics and strategy within hybrid legal forms, and a field-building design of community impact or reimagination of an economic system itself. While the terms “hybrid practice” and “institutional entrepreneurship” are well discussed in various literatures, the articulation of hybrid practice in this paper is specifically grounded in effectuation (Sarasvathy 2001) and the related framework of “art thinking” as a creative process in any field (Whitaker 2016a).

The research and theory-building impetus was pedagogical, growing out of a graduate course in “Hybrid Practices” to mean the blurring across and boundary-breaking
between for-profit and non-profit strategies in the arts—a cross philanthropy, institutional structure, creative partnerships, and ways of measuring success. In a first wave of hybrid organizational strategy in the arts, tools of business were employed to create novel institutional strategies and structures. For example, in 2014, the New Museum of Contemporary Art, a 501(c)3 U.S. non-profit organization, started an incubator that includes artists, designers, and technologists working across creative and entrepreneurial fields (New Inc 2023). In 2015, the commercially successful but still mission-driven crowdfunding platform Kickstarter announced that it had reorganized as a public benefit corporation, a hybrid legal entity that allowed the company to state and follow goals other than fiduciary duty to shareholders while still being legally structured as a for-profit entity. In 2015, Titus Kaphar, Jason Price, and Jonathan Brand founded NXTHVN, an artists’ residency and career accelerator whose goals include championing the art-market success of resident studio art fellows and the revitalization of the Dixwell neighborhood of New Haven, Connecticut (Brown 2019). In 2019, Esther Robinson and Guy Buckles founded Art Built, a non-profit artists’ studio space that used tools of commercial real-estate development creatively and in concert with below-market rental and lease terms of the Economic-Development-Corporation-owned Brooklyn Army Terminal in New York City (Hamilton 2019).

The past two years have seen a wave of more abstractly novel institutional arrangements. The three cases at the core of this paper—the Museum of Cycladic Art, Kickstarter, and Solidarity Not Charity—all date from 2021-2022, a time period in which larger cross-institutional hybrid approaches were coming to the fore, both as strategy and as subject of critique. The broad phenomenon of these hybrid ventures called out for theory-making both for pedagogical purposes and for our understanding of entrepreneurship not only within the arts but as a contribution from the arts to other fields.

Arts entrepreneurship is both a growing and an already well-modeled field. Studies of entrepreneurship within arts administration (Callander & Cummings 2021; Paulsen, et al. 2020; Taylor 2015; White 2013, 2015; Essig & Guevara 2016; Essig 2013, 2015; Bridgestock 2012) highlight the necessity of entrepreneurial thinking in the arts to

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1 For the course, I have chosen bleeding edge examples of some of the most creative cross-institutional collaborations or best-practice approaches to hybrid organizations in the arts. A limiting filter has been stories that rise to the level of press coverage or trust ties with individual practitioners and organizations. I have worked directly with some of these organizations, serving as an Entrepreneur in Residence at New Inc and participating in Kickstarter’s PWL (People We Love) Camp. I have collaborated with Caroline Woolard, a co-author of Solidarity Not Charity, since 2009 when I taught the second class at Trade School, the barter-economy social-practice school Woolard co-founded (Woolard 2019). For the past two years I have served as an Ally to the Center for Cultural Innovation’s AmbitioUS initiative to support artists redesigning economic models. The approach to studying decentralized systems has also come about from study of blockchain as a property management system as early as 2014, and working since then as an advisor to Bitmark, the parent company of Feral File which partnered with the Museum of Modern Art, New York, to create non-fungible tokens in 2022 (Nolin & Whitaker 2023).
secure funding and economic support for organizations and practicing artists. Noonan and Woronkowicz (2019) find that artists are more likely to be freelancers, and Toscher (2019: 12) observes entrepreneurial competencies in artists managing their career pathways. Callander (2019) has modeled art-making as an entrepreneurial practice. Given the needs for artists to think entrepreneurially, the education of artists has begun to include business training (Bhandari & Melber 2017; Essig 2013; Frenette & Tepper 2016; Bille & Jensen 2018). While artists have been modeled as entrepreneurs (Gangi 2015), enduring uneasiness between art and business as identity categories (Bonin-Rodriguez 2012)—including a performance of economic disinterestedness (Wohl 2021) and market eschewal (Gerber and Childress 2017) as part of artistic identity—has made access to entrepreneurial training and self-concept in the arts more complicated.

Teaching hybrid practice has entailed a concern not only with economic design but political problems of what Davies (2014) has called the disenchantment of politics by economics. In 2018, Giridharadas critiqued philanthropy as inherently borne of a conflict of interest in which patrons would not support programs outside their own self-interest, leaving many societal problems best served by democracy instead. Especially in this context, it was notable in 2022 to see Yvon Chouinard, the founder of Patagonia, forge succession planning that amalgamated a 501c4 lobbying organization to work on climate causes and a private trust to govern the company and its ongoing donations to climate causes (Gelles 2022). Even with the Chouinard family’s payment of an estimated $17.5 million in estate taxes, the project was not democratic per se—reserving control for the family and other closely held advisors—but a model of how economic interests were being used to reenchant civic and societal purposes, albeit from a philosopher-king approach of benevolent will to lobby political processes rather than Giridharadas’ (2018) suggestion of direct participatory democracy.\(^2\) Since 1985, Patagonia has donated one percent of sales—not profits but revenues—to environmental causes (Patagonia 2023b). In 2022, Patagonia’s sales were estimated at $1 billion annually, and the company overall was valued at $3 billion (Gelles 2022). These economics of the firm led to the Chouinard

\(^2\) In a novel transaction, the privately held for-profit corporation would be placed into two related entities. All of the voting shares—comprising 2% of the stock—would be placed in the newly formed Patagonia Purpose Trust, a foundation governed by members of the Chouinard family and close advisors. The remaining 98% of shares were irrevocably transferred to a purpose-built non-profit, the Holdfast Collective. Rather than a 501c3 non-profit, Holdfast was set up as a 501c4 with the express purpose of supporting climate action. The 501c4 allowed political lobbying that is forbidden for the more traditional 501c3. Patagonia’s history of supporting environmental causes substantially predates this arrangement. In January 2012 Patagonia became the first certified B Corporation in California. As of Patagonia’s first report as a B corporation, the Annual Benefit Corporation Report: Fiscal Year 2013, Patagonia held the following legal entities: Patagonia, Inc., Patagonia Works, Great Pacific Iron Works, Fletcher Chouinard Designs, Inc., and Patagonia Provisions, Inc. (Patagonia 2013: 7). For access to all of Patagonia’s benefit corporation reports, see Patagonia (2023). For an overview of B Corporations and benefit corporations from the vantage point of entrepreneurs, see Barnes (2023).
family’s aforementioned payment of $17.5 million in tax on the transaction. While corporate governance might not be considered an area of creative practice, these forms of design very clearly move legal and governance formats in service to mission—whether continued concentration of founder power in the case of Meta or irrevocable transfer of the company into trust in service of the environment in the case of Patagonia.

The Patagonia case embodies a new form of hybrid practice: not unbridled commercial interest tempered with social impact, nor charitable purposes driven by normatively held ideals of societal contribution (and non-profit tax code), but bold, untemplated creative vision taking form in relation to constellations of legal entities, design of adherence to new hybrid legal forms, or reimagination of the larger ecosystems in which we live and work. The cases in this paper are discussed in more detail subsequently but in brief: In 2022, a novel inter-organizational partnership was announced in the arts—an arrangement among the Metropolitan Museum of Art, the Museum of Cycladic Art Athens, the Greek government, and a newly formed Delaware non-profit organization called the Hellenic Ancient Culture Institute to accept a gift of 161 works of Cycladic art that would be exhibited at the two museums and then donated back to the Greek state. That project created a tax benefit to the donor, the philanthropist Leonard Stern, while also threading complex international jurisdictional issues of Greece’s cultural patrimony law that precluded Stern’s direct donation to the Met. At the same time, it is interesting to consider the different tax consequences of Chouinard’s choices. A donation to a 501c3 would have been tax-deductible but limited the core mission of supporting climate action. An outright sale, for instance, to a private equity firm, would have left Chouinard with a tax burden on the increase in the value of the shares. The donation of the shares to a trust essentially passed ownership of Patagonia to the next generation of the family, the Chouinards’ children, Fletcher and Claire. The $17.5 million likely represents gift tax. As of 2023, the lifetime exemption from taxation for gifts was $12.92 million. The tax paid would have been on the value of the gift above that amount—an amount of tax less than in a corporate sale and far above the charitable donation available had they formed a 501c3. The transaction models core aspects of the ideas of hybrid practice: The mission—in this instance supporting climate action—is the artistic rudder from which legal structures follow. The regulatory environment becomes the set of constraints within which that creativity occurs. The corporate design of governance has, for better or worse, taken a design turn, notably with expansion of dual-class stock structures (cf. Baran et al. 2023). This structure, which is credited to the initial public offerings of U.S. automotive companies Dodge and Ford, allocates voting rights differently across share classes. In the Patagonia case, two percent of shares hold 100 percent of voting rights. While this separation of shareholder claims to profit and to governance can be relatively common across family businesses or closely managed companies (e.g., Warren Buffett’s Berkshire Hathaway), the structure is increasingly common in technology-sector companies. As of February 2023, fifty percent of initial public offerings in the tech sector were dual-class share offerings, as compared to 2.9% of tech firms in 1989 (Ritter 2023, table 23; Baran et al. 2023). For example, the founder of Facebook (Meta) Mark Zuckerberg holds the majority of voting rights (Lauricella & Norton 2021). Class A shares (2.4 billion shares) have one vote per share. Class B shares (440 million shares) have ten votes per share. As of 2021, Zuckerberg owned 360 million Class B shares and controlled, by private agreement, a further 32 million Class B shares. There are 2.4 billion votes from Class A shares and 4.4 billion votes from Class B shares, or 6.8 billion total votes. Of those, Zuckerberg controlled 3.92 billion votes—57.7%.
Kickstarter, the crowdfunding platform, passed its sixth annual report as a public benefit corporation, creating a track record of novel forms of measurement—for instance, not just creative projects funded but self-study of protecting users’ privacy in the face of police warrants (Kickstarter 2021: 13). In 2021, Linares and Woolard (2021) published a Grantmakers in the Arts report synthesizing an approach to designing a “solidarity economy” within and beyond the arts. While existing theories of hybrid practice and institutional entrepreneurship do describe these projects, they also lack specificity to describe the ethos, creativity, and complexity of these new models.

To be sure, even as the imaginativeness and complexity of these hybrid practices has flourished, these cases are still vanishingly rare. As a sense of scale, the State of Delaware, the leading corporate domicile in the US, is itself home to more than one million C-corps and S-corps (Delaware Division of Corporations 2023). By contrast, there are fewer than 7,000 registered B-Corps in the world—including the certification or corporate social responsibility insignia, not even legal form (B-Corp 2023). Yet in spite of this bleeding-edge positionality, it seems time to articulate a theory of these projects, because the theory is grounded in a structuralist reading of creative institutional design, not an implicitly capitalistic notion of entrepreneurial motivation toward profit and in relation to the firm. Instead, hybrid practice is a parallel artistic medium in the same way that Callander (2019) has argued for arts entrepreneurship as a parallel creative medium, not as a side pursuit instrumentalized to commercial purposes or a purely do-gooder or tax-incentivized giving back to the greater good. Hybrid practice is a form of institutional artistry of form—of combination, of internal design, and of imagination of the field itself.

This approach to entrepreneurship and business disciplines broadly—as parallel creative processes embedded in artistic practice itself—relates importantly to the articulation of arts entrepreneurship as a pedagogical and experiential field. In 2016 in the general art publication Hyperallergic, Whitaker (2016b) theorized various ways in which disciplines of business modeling and entrepreneurship were being taught to artists. In the 1.0 level, business is a form of received knowledge, a way of internalizing the logic of microeconomics and performing business, comparable to Callander’s (2019) reading of the limitations of a view of arts entrepreneurship as only in service to commercial purposes. In the 2.0 level, business is a creative design medium, a form of structural engagement with the algebra of markets. Artists could work with markets as they could with any medium, which is to say, on their own terms. In the 3.0 version, working with business structures became a form of civic engagement, with the artist working as a creative person, a businessperson, and a citizen. We see in the current wave of hybrid practice in the arts an important pattern for entrepreneurial thinking that similarly engages at a structural rather than normative level with the possibilities of business as a medium, while also reaching into civic design of shared, democratic purposes.

These cases together, and the process of teaching them, inform this new conceptual framework for reframing hybrid practice and institutional entrepreneurship specifically.
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within arts entrepreneurship and grounded in Sarsavathy’s (2001) theory of effectuation. By grounding hybrid practice in effectuation, it is possible to accomplish two purposes simultaneously: to frame this growing field and to reframe existing theories of hybrid practice and institutional entrepreneurship apart from attendant neoliberal and microeconomic assumptions of efficiency, agency, and optimization. Instead, hybrid practice, as conceptualized here, is part of artistic practice, but artistic practice broadly defined as creative institutional design, whether accomplished by artists, managers, or whole organizations.

Because of the newness of this field, the methodology of this paper generalizes case studies (Yin 2013) to build a conceptual framework (Siggelkow 2007) within Herglund’s (2007) idea of entrepreneurship as a research-based artistic practice itself. That research-based artistic practice includes authorial experience in what could be termed informal ethnography of graduate study in business and studio art. The former took place at a time circa 2000 when “triple bottom line” theories of multiplicity of business measurement were first being taught. Circa 2010, I also taught in one of the earliest hybrid MBA programs, the design strategy MBA at California College of the Arts, which modeled business education as a trifecta with design and the environment. These approaches are important to informing the ethos of hybrid practice as rooted in systems thinking (Meadows 2009; Brown 2017) as opposed to isolatable vectors of market efficiency and profit (Whitaker 2021a). I include my own positionality as an artist-MBA and participant in early social practice projects because it was important to my own effectuated process of amalgamating this theory, beginning with hearing the attorneys practicing those forms early on—a few years before hybrid practice papers in the arts (cf. Rushton 2014). That process informs this paper’s ethos of legal design and practice as also effectuated.

The significance of this approach is in furthering the ideas within arts entrepreneurship of art-making as itself an entrepreneurial process (Callander 2019), but at the same time broadening the definition of artist (Whitaker 2016a) so that theories of arts entrepreneurship apply to creative process well outside the arts. This extension of arts entrepreneurship is critical to the larger need to frame social impact not as an offshoot of implicitly neoliberal and microeconomic approaches to profit-seeking, optimization, efficiency, and, generally speaking, causation, but as a problem-solving framework to disentangle the encroachment of economics into politics (Davies 2014) and to approach complex problems such as climate change as great collective art projects of our time. It is necessary to analyze some of the literature in institutional entrepreneurship, hybridity, and agency closely in order to distinguish this approach. This paper’s framework extends theories of effectuation to argue for a view of arts entrepreneurship as a laboratory for problem-solving in organizations, communities, and

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4 Teaching in a hybrid design-and-business program in 2011-2012 in California—in one of the states with early adoption of hybrid legal forms—afforded the opportunity to hear the architects of those models as those models were first emerging.
economies. The arts as a field has struggled to convey its value, whether as art for art’s sake or as an engine of economic impact. I argue here that the arts is a laboratory for interdisciplinary problem-solving and that understanding hybrid practice across these cases helps us understand how we move forward both imaginatively and analytically with some of the most complex problems of our time.

I structure this paper with necessary background sections on the core approach to arts entrepreneurship, which is via Sarasvathy’s (2001) theory of effectuation and the framework of art thinking or inventing point B (Whitaker 2016a). I then situate hybrid practice and institutional entrepreneurship in the existing literatures and argue that those literatures do not feature effectuation so much as neoliberal and microeconomic tropes of causation. I then lay the groundwork of arts entrepreneurship and present the theoretical framework of external, internal, and field-building hybrid practice before sharing the cases in depth and offering conclusions on the underlying themes of how we navigate creatively the social and community-driven logics of democracy and the individual-agency and optimization logics of economics. Arts entrepreneurship provides this bridge.

**Grounding in Effectuation and Art Thinking**

Not only are there many forms of value in the arts—for instance, social, cultural, aesthetic, and civic—but also those forms of value are emergent over time (Whitaker 2021b). I use the term “emergent” to generalize from Sarasvathy’s effectuation and Whitaker’s (2016a) “art thinking.” The latter defines art as a process of “inventing point B,” which aligns art-making and arts entrepreneurship with Sarasvathy’s (2001) framework of effectuation, meaning the process of moving forward to make decisions of economic and mission-related import without reference points that typically characterize microeconomics and theories of the firm, namely institutions and markets that orient economic concepts such as marginality and profit. The framework of inventing point B (Whitaker 2016a) is adapted from Heidegger’s (1947) theory of art as something new in the world that changes the world to allow itself to exist. In the “inventing point B” framework, if one is making a work of art in any field, one is not going from a known point A to a known point B but *inventing* point B, that is, not optimizing but effectuating.

Sarasvathy’s theory of effectuation (2001) is the root structure of this paper’s approach to redefining hybrid practice and institutional entrepreneurship in the arts. Sarasvathy distinguishes effectuation from causation, defining the latter as the application of market logics that require existing reference points. As Sarasvathy (2001: 261) writes, causation relies “on primitives such as ‘product’ and ‘market,’ and on institutions such as ‘firm,’ ‘industry,’ and ‘economy’.” It becomes difficult to imagine moving forward—through effectuation or, in the artistic framework, inventing point B—without a template of existing business model, primitives, and institutions.

To distinguish effectuation from causation, Sarasvathy (2001: 245) employs the
an analogy of a chef cooking a meal. In the case of causation, the chef is asked to cook to a menu. In the case of effectuation, the chef is invited to survey the cabinets to decide what to make. As Sarasvathy writes of the latter chef, “an effect is the operationalization of an abstract human aspiration.” Effectuation can be argued as important under a market logic; in 2001, Sarasvathy (245) notes that half of the Fortune 500 companies had been founded within the prior fifteen years. Yet this idea of effectuation is critically important to the construction of not only arts entrepreneurship but art-making itself. Key tenets of effectuation include “affordable loss rather than expected return (252),” “strategic alliances rather than competitive analyses (252),” “controlling an unpredictable future rather than predicting an uncertain one (252),” and finding control in creation, not prediction (252). Effectuation threads through the idea of inventing point B: One invests resources in the point A world and does not know value until the point B world that one’s work effectuates into existence (Whitaker 2016a). One deals with unpredictability by working toward creating a future. Prediction is not able to conjure world-building; only creativity is.

Sarasvathy already points to this role of imagination and creativity in the original theory of effectuation: An effectuator is “an imaginative actor who seizes contingent opportunities and exploits any and all means at hand to fulfill a plurality of current and future aspirations . . . .” She continues: “Human imagination and human aspirations influence each other and reshape one another continually . . . (262).” The effectuator is close to the artist, particularly in the case in which the artist is world-building or inventing point B. As I develop in this paper, the artist can be the organization navigating legal form—whether a related LLC and 501c3 or a more complex network—that constitutes a form of collage or bricolage (Di Domenico et al. 2010) as creative endeavor.

Re-Situating Hybrid Practice and Institutional Entrepreneurship

In order to build toward hybrid practice as effectual process of creative organization-building, it is necessary to distinguish the literatures on hybrid practice and institutional entrepreneurship, which are substantially rooted in causation and not effectuation. And in order to contextualize hybrid practice and institutional entrepreneurship in effectuation within the arts, we must first distinguish general and causation-driven approaches to entrepreneurship as well.

In their foundational theory of entrepreneurship as a field of research, Shane and Venkatamaran (2000: 217) define entrepreneurship as “concerned with the discovery and exploitation of profitable opportunities.” While Shane and Venkatamaran move substantially beyond prior modeling of entrepreneurship as the hero’s journey of the entrepreneur, their theory is strongly threaded with microeconomic assumptions of causation, namely an implicit logic of efficiency and opportunity cost. They (218) draw on
Venkatamaran’s (1997) definition of entrepreneurship as a process of “how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited.” They acknowledge the limitations of defining entrepreneurship in terms of the agency of the individual, but still define it in terms of primitives such as “future goods and services.” While “future” connotes the possibility of effectuation, the logic is causal. The idea is that entrepreneurial success is market success that occurs through sales. Even when referencing Schumpeterian creative destruction, Shane and Venkatamaran (2000: 221) approach that need for constant reinvention through the assumed goal of enhancing wealth. Arts entrepreneurship extends beyond the “creation of goods and services” to the larger creation of value, which arts entrepreneurs define themselves from multiple points of view.

While some frameworks on social entrepreneurship have defined entrepreneurial activities more broadly to concern environmental and societal issues, those broader frameworks (cf. Mitra et al. 2019) have focused on pedagogy. Thus, in order to reframe hybrid practice, we first need to move in the argument from entrepreneurship as a process of exploiting a market to entrepreneurship as a process analogous to artmaking itself in, again, the processes of effectuation and art thinking discussed above. In fact, Callander (2019) has argued that entrepreneurship needs to be seen as part of art-making, not only as a marketing activity that travels alongside the artistic process. Callander writes (2019: 62) that arts entrepreneurship does not need to lead toward commercial ends but toward “establishment of [arts entrepreneurship’s] credibility as a medium” of artistic practice itself. Whereas Callander models this entrepreneurial process as part of social practice art, here “art” is expanded to include market design as well (Whitaker 2016a). Markets are often modeled as models of allocative efficiency, but they are also models of creative process (Buchanan and Vanberg 1991:183; Sarasvathy 2001: 237). Thus, hybrid practice is the application of arts entrepreneurship to political and economic structures—markets, legal forms, contracts, and other facets of institutional design.

Outside of arts entrepreneurship, both the terms “hybrid practice” and “institutional entrepreneurship” have commonly appeared in general management literature for more than a decade. Battilana et al. (2012: 51) have defined the term “hybrid model” as one that “produces both social value and commercial revenue through a single, unified strategy.” They describe the “hybrid ideal” as a combination of access to capitalistic engines such as scale and the concurrent realization of mission. The larger study of hybrid practice arguably took root in the development of hybrid legal forms, including the early Flexible Purpose Corporation and L3C (Low-Profit Limited Liability Company) (Battilana and Dorado 2010). In spite of this growing managerial area of the “hybrid organization” and the possibilities of mission-fulfilment with capitalistic efficiency, foundational tensions have existed between the logic of money and of purpose, the latter often associated with the economic category of the use (Ostrom 1990) and overuse (Hardin 1968) of common resources and thus market failure (Whitaker 2021a: 111).
In writing about digital innovation, an area central to some of the cases in this paper, Trittin-Ulbrich and Böckel (2022: 449) employ Maguire et al.’s (2004: 657) definition of institutional entrepreneurship as “activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones.” Because of the transformational nature of institution entrepreneurship, Hardy and Maguire (2017) argue that it is often associated with the transformation not only of organizations but also of fields. While institutional entrepreneurship can have many meanings, here I use the term specifically to describe creativity applied to organizational form in service to mission. I consider the institution as a unified actor, recognizing that institutions are, in actual fact, comprised of the agency of their individual workers (DiMaggio 1988: 14) and that the entrepreneurial individual can be at odds with the larger institution (Garud et al. 2007). The capacity to participate in institutional entrepreneurship may rely substantially on a person’s social position within an organization (Battilana 2006), and this agency of the individual may be even more important in the application of institutional entrepreneurship to well-developed industries (Greenwood & Suddaby 2006). While theories of change need to account for the individual, institutional, and societal level of motivation and impact (Friedland & Alford 1991), the focus of this paper is on institutional entrepreneurship as defined as the creative design of the organizational form, network, or set of contracts itself. Guo (2022) has, for instance, modeled an institution as a creative actor in her study of the National Endowment of the Arts (NEA) as an institutional entrepreneur in convening creative placemaking organizations and networks. As Guo writes, the NEA as institutional entrepreneur “develops resources, power, and influence for a federal agency constantly challenged by funding cuts and public controversies.” Guo models the NEA as institutional entrepreneur with the entrepreneurial purpose of advocating for the arts and legitimating the NEA itself, aligning theory-building with strengthening the precarious position of the arts more than with expanding the arts to generalize creative problem-solving for other fields.

This entrepreneurial thinking—not just about products or within venture capital or realization of social purpose but as a form of holistic organizational design, both within single organizations and across interconnected organizations—has been part of a broader approach both within and outside of the arts. The B-corporation movement allowed organizations to be certified as socially responsible based on a set of criteria. In 2007, the non-profit organization B-Labs started the benefit corporation certification framework. Operating like Fair Trade (Zhu et al. 2021) as a certification as distinguished from the legal form of the public benefit corporation, the certification has moved in lockstep with the legal categories (Lucas et al. 2022; Rawhouser et al. 2015) in the aim of normalizing values-driven corporate culture or the intersection of profit and purpose. As of 2022, the public benefit corporation is a legal form in 35 US jurisdictions (34 states and the District of Columbia). As of 2023, over 6,400 companies from eighty-nine companies have registered
as B corps (B corporation 2023), allowing corporations such as Kickstarter and Patagonia to write their own charters to marry their fiduciary duty to shareholders with larger responsibilities to society.

Existing theories of hybrid practice and institutional entrepreneurship come from a more neoliberal and microeconomic grounding. I use Harvey’s (2005: 2) definition of “neoliberalism” as a “theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade.” The role of government is to “create and preserve an institutional framework appropriate to such practices (2).”

Rushton’s (2014: 147) consideration of hybrid practice in the arts exemplifies this microeconomic and neoliberal approach to hybrid practice. Rushton invokes neoliberal principles as described by Harvey (2005) when Rushton writes, “The essence of hybrid organizations is that they are commercial firms that exist to further some aspect of the public good.” The economic rationale of the firm is primary, and the social good is secondary. Thus, Rushton, who focuses on the low profit limited liability company (“L3C”), concludes that the structure is not helpful within these microeconomic problems of marginal trade-off decisions and moral hazards, for instance, of the managers of hybrid organizations in distributing profits to board ties or themselves. Rushton does not conceive of an organization like Kickstarter that has a viable business model—5% of monies raised—and a social purpose. Rushton (151) instead argues that “the entrepreneur can still pursue social goals through using the profits of the enterprise,” as if there is a binary choice between a commercial logic and a donative one. Contemporary hybrid practice characterizes a gray area, the same one of effectuation and art thinking, of navigating purposes and sets of tools and contingent circumstances, but not the artifacts of causal reasoning which are present in Rushton’s analysis. The neoliberal role of the state is also there in Rushton’s (146) description of the charitable donation tax benefit as reflective of a trust in non-profit organizations that is “made formal by public policy.”

Mometti and Van Bommel’s (2021) analysis of hybrid practice supports this unresolved tension between commercial logics and nonprofit missions. The authors’ study of performing arts organizations in the Netherlands in fact speaks to this internalization of commercial logic. They find that the arts organizations tended to acquiesce to public-policy pressure to embrace a market logic and that instead of synthesizing commercial and social strategies they compartmentalize and institutionally dissociate. One could argue that theory-building drawn from commercial logic affects public policy formation, which in turn, in a mirror of Battilana et al.’s (2012) paradox of embeddedness, places the arts entrepreneur at odds with the political and economic infrastructure of a state that supports non-profit tax deduction and a commercial logic that does not fully apply to those organizations.

This reasoning tracks back to a longer lineage of shifts in business school curricula to
champion double- and triple-bottom-line accounting, which added a “second” and “third” definition of profit to include human rights and the environment, and the broad category of social concern alongside net income of the implicitly commercial firm. Paradoxically, these studies often theorize from organizations that were likely effectuated into being but with an ex-post logic that feels causal. Emblematic is the consideration of Hot Bread Kitchen, a profitable gourmet bakery that also champions and provides workplace training for immigrant women and women of color, specifically those who identify as Black, AAPI, and Latinx (Hot Bread Kitchen 2023; Battilana et al 2012). The two purposes exist in the same organization but are analytically separated into meeting these twin goals rather than the sustainability across them.

**Toward a Theory of Creative Structural Design**

A theory of structural organizational design goes beyond the history of two-sided “hybrid” models where non-profit organizations have affiliated for-profit businesses that spin off earned income, for instance, an urban museum with a parking garage. The for-profit concern may be mission-related, as in the case of providing parking to museumgoers. Much of this income would be taxable “unrelated business income tax” but allows the institution more breathing room on the pressures of fundraising to support mission. Instead, the model takes these questions of taxation, legal structure, and other parts of institutional design and considers them artistic processes under this larger framework of effectuated design, art thinking, and a re-reading of institutional entrepreneurship as a form of effectuation.

Fruchterman (2011) maps the questions of institutional design from the point of view of the individual entrepreneur who must confront the translation of motivations and concerns into institutional and specifically legal forms. This approach is an important antecedent to what we see in the arts now but different in its following of entrepreneurial literature as the position of the person—entrepreneur or intrapreneur—in taking on risk to determine value by bringing knowledge, resources, and social skills to bear on a problem (Battilana 2004: 9). As Battilana writes, the individual within an organization has a paradoxical embeddedness in which the institution influences the individual and the individual tries to change the institution, a means-ends dynamic also modeled by Essig (2015) and others in arts entrepreneurship. This reality of the agency of the individual is acknowledged here, but the institution itself is modeled as the entrepreneur or artist.

**External Design: Creative Amalgamation Across Legal Forms**

The first type of institutional design is embodied by the Museum of Cycladic Art case. A group of entities finds overlaps in their commonly held values and imagines an institutional solution to an impasse. The solution creates an equilibrium of best possible
outcome for all parties. Yet even beyond that analytic scope, the agreement is a new model, one created by a process of effectuation, specifically in building strategic alliances and sense-making against resources in the environment, in this case cultural patrimony law, estate planning, and the purposes and collections strengthening of an encyclopedic museum.

In 2022, the Metropolitan Museum of Art in New York announced a novel arrangement in which the businessperson and philanthropist Leonard Stern donated 161 works of Cycladic art—the circa 3000 BCE area of minimalist sculpture for which there is little written record but which was influential to modern artists including Pablo Picasso—to a newly formed Delaware non-profit, the Hellenic Ancient Culture Institute (HACI) (Moynihan 2022). A contribution agreement between Stern and the non-profit governed this donation. In addition, the Metropolitan Museum of Art entered into a “four-party agreement” with HACI, the Museum of Cycladic Art in Athens, Greece, and the Greek state (via the Hellenic Ministry of Culture and Sport) to commit to time-delimited exhibitions of the artworks in the Stern collection at the Museum of Cycladic Art (a subset of the collection for approximately one year) and the Metropolitan (the full collection for a twenty-five-year renewable term) before the works would be returned to the Greek state.\(^5\)

The arrangement solved for a number of interrelated purposes. The Greek cultural patrimony law—and whether it governs collectors and institutions outside of Greece would be subject of debate—allows ownership of artworks by individuals but not generally by institutions. Thus, Stern would have been unable to donate the works directly to the Metropolitan, or the Metropolitan might have perceived a risk of that arrangement; even if litigation could go in its favor, the bureaucratic and reputational risk could be too high. Stern might have wanted to donate the works and would have been eligible for a tax benefit for doing so. This US tax benefit would not be accessed by donating the works directly back to the Greek state. In addition, as Stern told the New York Times, it was important to him that his grandchildren be able to see the collection intact, which they would be able to do at the Metropolitan. Curiously, the articles of incorporation of the Delaware non-profit cite directly the Greek cultural patrimony law, thus indirectly applying Greek law to the arrangement, but via a U.S. non-profit organization’s incorporation documents. At the same time, the arrangement was sanctioned by the Greek parliament and in fact published in the parliamentary record—including the contribution agreement, four-party agreement, and also an exhibition agreement between HACI and the Metropolitan (Hellenic Republic 2002).

This arrangement is notably complex, in the detailed legal arrangements and in the requirements within each contract to acknowledge the other contracts and, in certain places, set up cascading conditions so that one contract would be invalidated if another

\(^5\) The legal complexity of this case merits standalone treatment, including analysis of the legal documents which were published in the Greek parliamentary registry (Hellenic Republic 2022).
failed to be signed. In addition, the arrangement was criticized (e.g., Hamilakis 2022) by those observers who felt the works should go to Greece directly and simply called messy or controversial by others (e.g., Benzine 2022). Messiness can sometimes characterize art in its early stages of realization and metabolism by its publics. The criticisms seemed contingent on belief in a “BATNA” (best alternative to a negotiated agreement) that included a *deus-ex-machina* return of objects in private hands to the Greek state. One notes other, even higher stakes and entrenched issues of repatriation, including the long-standing controversy of the Parthenon Marbles displayed in the British Museum. In this case, whether some disagree with the outcome and structure, one can argue that the arrangement itself is novel and highly creative, and in that way an institutional artwork made out of contracts connecting legal parties in order to solve for the mission-driven purposes of sharing art with the public, with future generations, and over time, via repatriation to a source country. The ability to think creatively across organizational form—in the design of contractual arrangements—allowed the organizations to chart new pathways into the future.

**Internal Design: Metrics and Strategy within a Hybrid Legal Form**

In the second case, an organization with one of the longest track records of hybrid form in the arts has designed a succession of public benefit corporation reports that embody an array of values that do not stem from commercial logic or nonprofit outreach but institutional values.

With the possibility of transformational change and the complexity of operating across organizations, how does one measure the outcomes of hybrid practice in the arts? Here, the work of B corporations and public benefit corporations is instructive, as these organizations have developed their own approaches to measurement and accountability (Rawhouser et al. 2019), including some who have also adapted tools such as Grant’s (2015) “rubric”-building for social-profit organizations. This section focuses on the case study of Kickstarter, which has been a leading benefit corporation in the arts. Since 2015, Kickstarter, the crowdfunding platform, has operated as a registered public benefit corporation, and since 2016 (Kickstarter 2016, 2017, 2018, 2019, 2020, 2021), Kickstarter has issued a report offering self-analysis of its quantifiable and other outputs.

The development of the report over time is noteworthy. In 2016, the report cited substantially a research report conducted in collaboration with a team at the University of Pennsylvania (Kickstarter 2016) focused on job creation and other markers of economic impact. Article 1 of the Kickstarter charter lays out its PBC mission: “to help bring creative projects to life (Kickstarter n.d.).” They solved for this purpose with a combination of behind-the-scenes work, programmatic support including 5% of profits donated to art-related causes, and transparency around data privacy and lobbying. As example of the
tools to support creators, in 2021 Kickstarter updated the chat features and improved
reporting to project teams with a better “fulfillment status” feature for awards
(Kickstarter 2021: 9). They also included new supports for bank wire-transfer routing,
adding an International 4 (IBAN) number to allow creators in Europe to move funds more
easily among countries. Programmatically, Kickstarter continued to publish The Creative
Independent (TCI), to lead workshops, and to support charitable causes in the arts.

Regarding data privacy, Kickstarter’s approach to transparency is particularly
illustrative. In 2016, Kickstarter had already operationalized its values by declining to
have a forced-arbitration clause in their terms of service, even though compelling users to
arbitration—prior to ever being able to sue the company—is relatively standard. By 2021,
Kickstarter was reporting on their approach to inquiries from law enforcement. In 2021,
Kickstarter received roughly 200 inquiries from law enforcement in the US and
internationally. Six were civil subpoenas, and none were search warrants. Kickstarter
released “minimum basic subscriber information required by law” for the subpoenas and
for other inquiries disclosed only publicly available information (Kickstarter 2021: 13). In
a culture in which companies regularly sell user data, this discipline and adherence to
values is not only notable but important to describe narratively where it would be difficult
to reduce to widely circulated metrics or key performance indicators (KPIs). Kickstarter
also reports on its environmental footprint and its lobbying activities. Granted, the leaders
of the company are gifted storytellers—telling stories about projects is what the company
supports creators to do—even with some degree of virtue-signaling, the facts go beyond
the bounds of shaping the story.

Kickstarter could just be reporting their financials and their quantifiable results—the
percentage projects that are funded, the number of backers, the amount raised per
category. In 2021, Kickstarter (2021: 19) gave $525,000 to charity; if that amount in fact
constitutes 5% of profits, then one can infer $10.5 million in profits in 2021. In general,
Kickstarter has a structurally strong business model: They are able to access economies
of scope (Chandler 1994: 17; Whitaker 2021a: 68) by applying their software across many
different kinds of projects, and they allow creative teams to access economies of scale by
bringing in many backers at the same level of reward or product. The company takes 5%
of all monies raised, putting them in the structural position of taking a percentage of a
large number rather than having to find each individual dollar.

The design of metrics—how we define success—gets at the very philosophy of
economics and of entrepreneurship. One could consider, for instance, the work of Brown
(2017) to frame “emergent strategy” as an organic and community-driven and “fractal”-
like process of holistic nurturance. Or, in a very different way, one could conceive of
growth as a process of seeking scale—what Thiel and Masters (2014: 8) describe as
“technology” and invention—what they term the process of going from “zero to one” in
order to then scale from one to many. The latter is measurable, and rewardable, but a
traditional for-profit model; the availability of both kinds of approaches simultaneously—
as in the case of Kickstarter, the ability to have social impact and make a profit—calls on fundamental questions of whether one strives for growth, *per se*, or betterment, and the definitions of success that sometimes involve doing less, and the discipline of saying no.

**Systems Design: Solidarity and other Emergent Economies**

In the third case, processes of effectuation and institutional design extend to the imagination of new economic models. In fact, Sarasvathy (2000: 261) cites within the foundational paper on effectuation the idea of entrepreneurs creating whole economies. Some social-practice artists and researchers have proposed new lenses onto market structures, proposing holistic tools of a “solidarity economy.” Linares and Woolard (2019) have, in a report commissioned by Grantmakers in the Arts, gathered resources and built frameworks around the solidarity economy as a collaborative economic and governance system to support equity and sustainability. In considering the design of whole systems, White (2019: 55) has posited arts funding systems themselves as fodder for design, and Wilkerson (2012) has proposed creative institutional structures to reimagine the arts as a system that funds itself. Here, the design of the economic structure goes beyond the arts to consider market design as art.

While many of the organizations in hybrid practice serve field-building purposes larger than themselves, this field-building work extends to the design not only of the arts ecosystem but the larger economy, notably through the solidarity economy. Linares and Woolard (2021: 41) define the solidarity economy in five principles: pluralism, solidarity, equity, sustainability, and participatory democracy. Pluralism is an acknowledgment of “multiple paths” to new, holistic economic forms, not a fixed structure. Solidarity “includes a range of social interactions grounded in collective practices such as mutualism, sharing, reciprocity, altruism, love, caring, and gifting.” Equity, in its typical meaning within diversity, equity, and inclusion, refers to inclusion and to resistance of forms of oppression, while sustainability not only includes economic sustainability but respectfulness toward and affinity with “Indigenous principles of living in harmony with nature.” Participatory democracy centers local rather than diffuse decision-making and community participation wherever possible.

These principles characterize Woolard’s own work as a social practice artist, including in the founding of the barter-economy Trade School (2009) and work with Jahoda (Jahoda & Woolard 2019) on institutional design and administration as a part of...
artistic work. Their book *Making and Being* includes, illustratively, radically transparent information on the sources of income received during the construction of the book.

In Woolard’s work as the director of research and partnerships for the distributed governance platform Open Collective, she puts these principles of participatory governance into play. Open Collective is itself a hybrid organization that operates three legal entities, including the Open Collective Foundation, a 501c3 US non-profit organization that serves as a fiscal sponsor of cooperative organizations. Open Collective handles back-office functions such as accounting and lends its non-profit status to ventures, allowing them access to grant monies and to tools for transparent participatory governance—including decision-making about the distribution of any surplus funds (Open Collective 2023). Field-building includes more people equitably in the arts and also creatively redesigns the economic systems that are causally and historically linked to exclusion, extraction, limitation, and harm.

**Discussion and Conclusion**

Although institutional entrepreneurship and hybrid organizations have been studied, particularly since the advent of hybrid legal forms, these ideas take on new meaning as part of the development and future of arts entrepreneurship. These new hybrid models effectuate complex, systems-level approaches to synthesizing for-profit and non-profit structures. Rather than be governed by vectors of microeconomic thinking, these new-wave institutional entrepreneurs navigate legal and organizational structures as artistic mediums and risk engaging in effectuation (Sarasvathy 2001) as a process of inventing point B worlds (Whitaker 2016a). These forms of institutional design are creative attempts to grapple with the multiple forms of value that are defined by capitalistic, artistic, and political logics. This re-articulation of hybrid practice in the arts contributes to the field of arts entrepreneurship by expanding artistic practice to the design of democracy and of political and economic systems for communities and more broadly.

What these developments point to is an expansion of how we conceive of entrepreneurship in the arts to include a broader creative and entrepreneurial approach to designing novel organizational structures that support the intersections of mission and markets—and the partnerships across charitable, commercial, and governmental interests—that uniquely characterize the arts. While this need for hybrid practice is acute in the arts, these models generalize to entrepreneurial thinking across business and law outside the arts as well in relation to environmental causes, democracy, and other areas in which markets tend to fail in the provision of public goods and causes are moved forward through creative institutional design. These efforts include activist movements to redesign the economy such as Occupy Wall Street (Allison et al. 2021), AmbitioUS (CCI 2023), the solidarity economy movement (Linares and Woolard 2021; Open Collective 2023), and the tackling of climate and other large-scale societal frontiers as collective art
These acts of institutional creativity extend to building the field itself—encompassing the design of the economic system in which arts entrepreneurship occurs. The movement toward a solidarity economy—as championed by social practice artists and scholars—offers an important context for hybrid practice as a form of concentrically larger goals: building the organization, building the field, and building the larger economy, each as a creative form of applied ethics and institutional design. This consideration of hybrid practice is particularly timely in the field of arts entrepreneurship because of the blurring of for-profit and non-profit forms both within and outside of the arts ecosystem. That blurring includes cases of proactive blurring such as new arts incubators and also cases of unacknowledged blurring such as, in the US, the treatment of the corporation as a political person exercising free-speech rights when making economic campaign contributions (Whitaker and Abrams 2023; Citizens United 2010).

This study of hybrid practice and the cases presented contribute a view of institutional entrepreneurship through the lens of effectuation as a form of creative practice that centers collaboration and governance models. As new hybrid legal forms proliferate, areas of future research include building taxonomies of hybrid forms in the arts. Still, these stories of institutional design—of negotiated arrangement and of strategic partnership between for-profit and non-profit institutions—point to imaginative institutional work with transformational potential within the entrepreneurial processes of the arts. The thread of governance and of design within institutional form create novel engagements of arts entrepreneurship with the principles of democracy and the disentanglement and intentional redesign across economic and political systems. The ultimate significance of the arts, beyond art for art's sake, may be this imaginary of arts entrepreneurship as a hub for creative interdisciplinary problem solving. Models in the arts may not need to go hat in hand to plead for significance but to make an offering of models to other fields from the laboratory of the arts.

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