Threat, Opportunity, Neither or Both? Why Those Who Govern NonProfits Need to Understand Hybrid Forms and What They Need to Understand About Them

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ABSTRACT

Among the array of responsibilities those who govern nonprofits have is to understand the threats to and opportunities for their organization and the environment in which it functions. The emergent hybrid forms present such a dilemma: benefit corporations, social purpose corporations, B corps, low profit limited liability companies (L3Cs), benefit corporation derivatives, and the social primacy company. Some see these forms as threats to fundraising, opportunities for fraud and abuse, and harm to reputations and integrity of nonprofits. Some see opportunities to attract new money, strategies, and accountability to collaborations, joint ventures, public-private partnerships, and for-profit subsidiaries of nonprofits. The article on which this session is based, published recently in the Quinnipiac Law Review, provides a platform for those who govern nonprofits to understand and assess these forms based on two fundamentally distinguishable but comparable aspects of these forms: what they actually prioritize (profits, purpose, flexibility, other) and how they approach accountability (owner, social, legal, process, outcomes). By understanding priorities and accountability, those who govern nonprofits can better assess and explain whether these forms generally, their applications more specifically, or the movement writ large are threats, opportunities, neither, or both in any given circumstance.