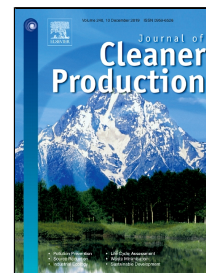


Transcending unsustainable dichotomies in management: Lessons from Sustainability-Oriented Hybrid Organisations in Barcelona

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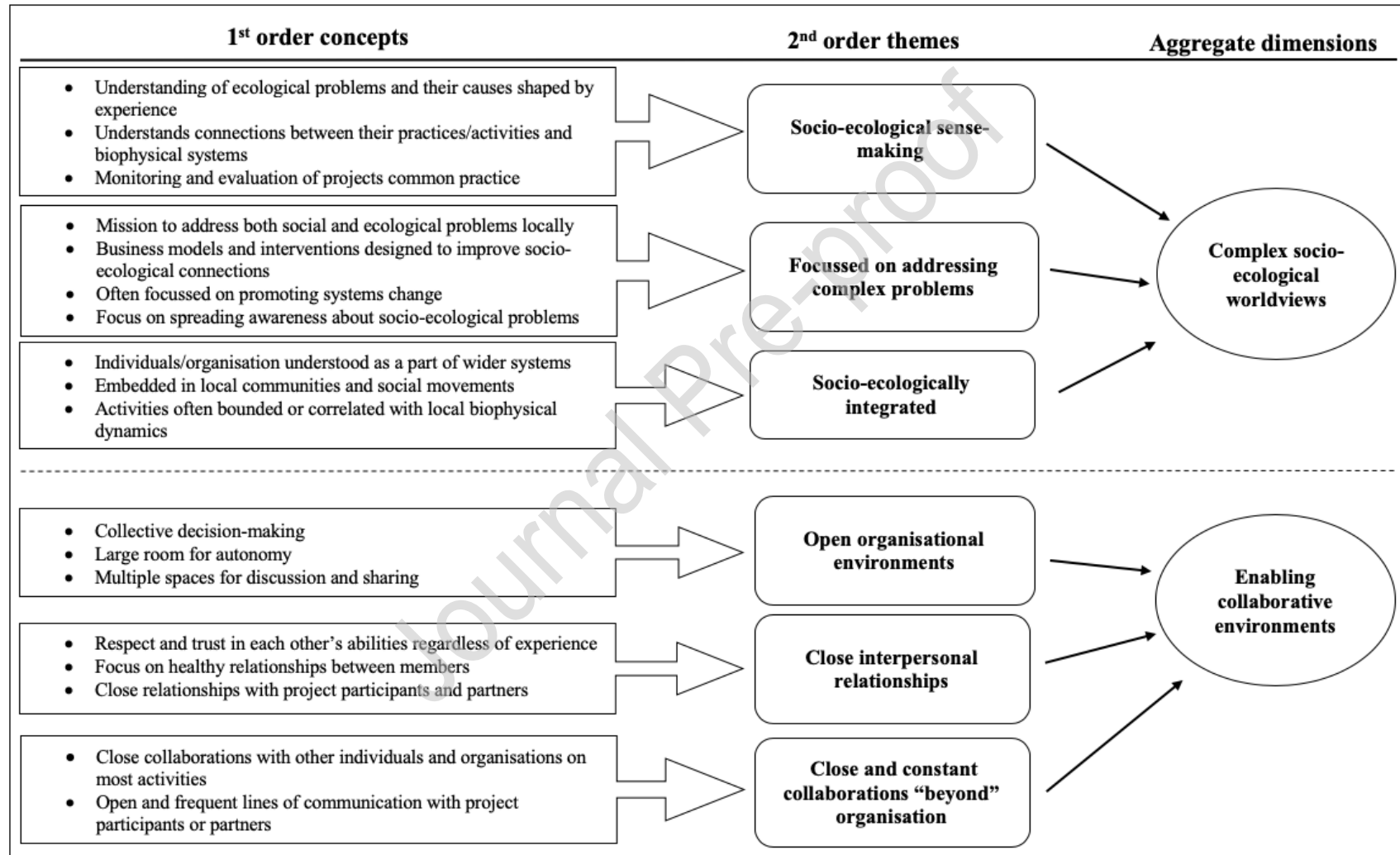
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*Illustration of the inductive reasoning that led to the identification of two key dimensions influencing the transformative ability of SOHOs in Barcelona*



# **Transcending unsustainable dichotomies in management: Lessons from Sustainability-Oriented Hybrid Organisations in Barcelona**

## **Abstract**

Transformations towards more sustainable consumption and production cannot be achieved through mainstream organisational management rationales and practices. These management rationales and practices tend to impose rigid, fictitious dichotomies between what occurs internally within the organisation and what occurs ‘out there’ in biophysical systems, economies, and the broader social world. Such abstract divides not only create strong limitations on organisations’ responsibilities to address the complexity of accelerated global change, but also further exacerbate unintended negative consequences on environmental sustainability. However, new organisational forms are emerging aimed at overcoming such split rationalities with the overall goal to couple in a more sustainable manner their daily organisational practices in relation to biophysical systems. In this inductive research, we ask how Sustainability-Oriented Hybrid Organisations (SOHOs) can successfully promote positive transformations towards sustainability. We analysed nine SOHOs in the Metropolitan Area of Barcelona and found that their transformative abilities relate to how they: (1) promote and apply complex socio-ecological worldviews where individuals and organisations are seen as integral components of socio-ecological systems; and (2) create enabling collaborative environments which include synergetic connections and substantive relationships ‘beyond’ the organisation. We found that the complexity of socio-ecological worldviews varies within the organisations which impacts the consistency to which they implement sustainability-related activities and experience mission drift.

**Keywords:** organisational theory, hybrid organisations, sustainability transformations, sustainability science, Metropolitan Area of Barcelona

## 1. Introduction

Sustainability can fundamentally be seen as an organisational challenge. Throughout history, humans' ability to collaborate and organise around common needs or myths has been key to human development (Harari, 2014). The growth of economic and political organisations – such as corporations and governments – have also boosted the growth of bureaucratic regulations and organs designed to facilitate organisational goals according to their own logics and distributed responsibilities, including that of exploiting global resources. This organisational evolution, which includes specialisation and divisions of labour, has not only helped clarify the scope of individuals' actions in increasingly complex societies but it has also limited peoples' duties – and that of the organisations in which they operate – to their contractual obligations (Grey, 2017). In what could be considered a 'Weberian tragedy' (Weber et al., 1978), the human capacity to organise every aspect of contemporary societies is leading to a situation where humans are rationally organising (e.g., through perpetual economic growth targets) social institutions towards an irrational end (e. g., societal and ecological destruction).

This is linked to the fact that, too often, situated and bounded organisational rationalities do not take into account larger socio-ecological systems, thus separating the organisation, its resources, as well as cultural and managerial practices from biophysical and socio-economic systems. This is especially the case with respect to corporations, which facilitate ideological and cultural detachment or a rift from the biophysical world and allow for the dissipation or removal of responsibilities derived from their environmental impacts (Foster et al., 2011). Limited Liability corporations is an example of this where personal

liability is limited and instead it is the social construct of the corporation that is responsible and, in some places, even have the legal rights of a person. This enables corporations to externalise costs, remove personal responsibility from the equation, and can act as an incentive for risky behaviour (Maizes, 1996). For instance, the 100 companies that are responsible for 71% of industrial greenhouse gas emissions since 1988 (Griffin and Heede, 2017) are not taking requisite responsibility or being held accountable for the considerable damages that result from their actions. This situation, in the case of the ‘risk society’ has already been described as the collective organisation of irresponsibility at unprecedented scales (Beck, 2009). The negative effects of such rigid organisational dichotomies are especially apparent with respect to climate change, where failing to resolve conflicting rationalities between individual or corporate responsibilities and the rights of future generations or the preservation of the global commons could have negative effects that could last for millennia (Field et al., 2014). This is perpetuated by the tendency of many organisational scholars to want to remain “within” the organisation when carrying out their research (Czarniawska, 2013).

In contrast, new forms of sustainability-oriented organisations are emerging which aim to overcome such split rationalities and practices and to couple in a more harmonised and ethical way organisational worldviews and activities with broader sustainability goals. This is especially the case with Sustainability-Oriented Hybrid Organisations (SOHOs) which it has been suggested are more likely to engender genuine steps towards sustainability transformations (Haigh and Hoffman, 2014; Schaefer et al., 2015) and have been found to be decisive in supporting sustainability transformations at local scales (Hestad et al., In review). SOHOs is an umbrella term for organisations that “use a mixture of market and mission oriented practices, beliefs and rationales to tackle social and ecological issues, while generating a sufficient amount of their income from trading in goods or services to allow

them to be economically viable and self-sustaining” (Hestad et al., In review 3). It has also been suggested that they challenge unsustainable dichotomies such as those between biophysical systems and human systems (often referred to as ‘nature vs society’) by promoting diversity and quality environments and bringing “traditionally external elements into their value creation systems” (Haigh and Hoffman, 2014: 223). A good example of a SOHO is Planting Empowerment which is a Panamanian-American forestry company which partners with farmers to reforest degraded land and generates sustainable incomes for the households. It has been put forward as an example of a SOHO that is aligned with socio-ecological systems and that is synchronised and embedded in these systems (Muñoz and Cohen, 2017).

There has been growing amounts of research on SOHOs within multiple fields, especially in social, environmental, and sustainability entrepreneurship (Hestad et al., In review). However, the literature has been characterised as disparate, with a wide range of different terms used to refer to them and a number of conflicting findings and analyses (Boyd et al., 2017). Despite much of this literature having made great steps towards understanding SOHOs abilities to create social, economic, and environmental value (Hall et al., 2010), and understanding the tensions and mission drifts that are prevalent in such organisations (Siegener et al., 2018; Battilana et al., 2015; Schmitz, 2015), it has been criticised for being compartmentalised and not adequately considering the intimate connections between SOHOs their socio-ecological context (Muñoz and Cohen, 2017). This relates especially to the mainstream focus on understanding SOHOs through the lens of separate internal and external factors that influence the actions and success of SOHOs (e.g. Kiefer et al 2018). Instead, more dynamic and holistic theorising is required to understand why and how these organisations might be able to help support positive transformative change towards sustainability. Sustainability transformations involve a fundamental change in socio-

ecological systems which addresses the root causes of unsustainability and have been called for in order to tackle current unsustainable trends of development (O'Brien, 2012; Winkler and Dubash, 2016; Barrett, 2013; Matyas and Pelling, 2015), especially in cities (Ernst et al., 2016). To answer this question we utilise inductive research methods, specifically the Gioia methodology, which is a systematic and “holistic approach to inductive concept development” (Gioia et al., 2013: 17). We do this through exploring the missions and practices of nine SOHOs in the Metropolitan Area of Barcelona, which has a growing number of SOHOs whose actions have been found to help promote sustainability transformations at local scales (Hestad et al., In review).

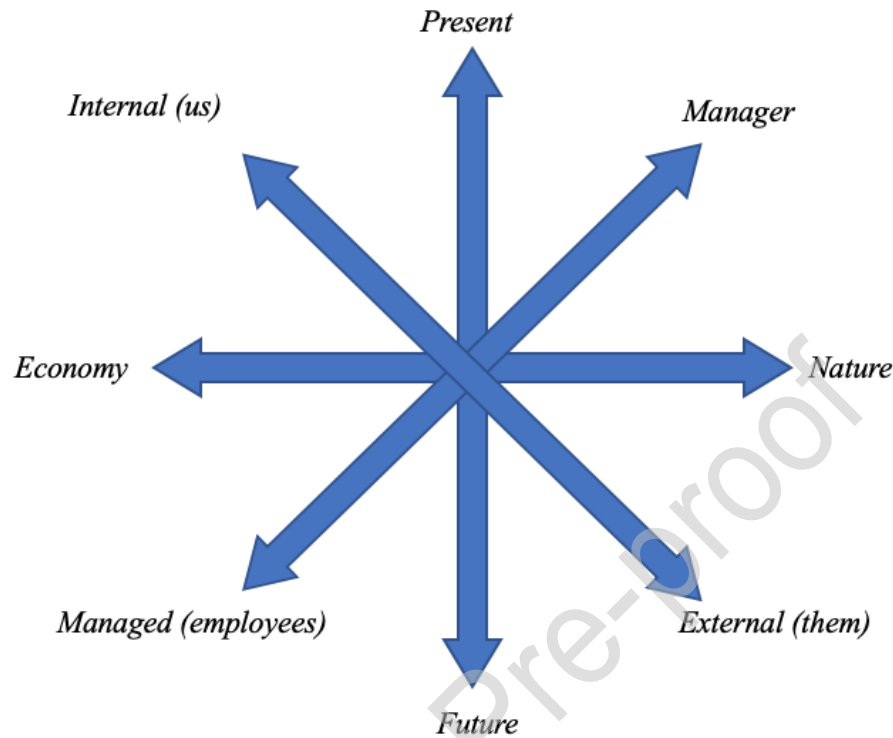
The paper proceeds as follows. First, we review contemporary management theory in relation to the consequences of unsustainable managerial dichotomies for achieving sustainability goals. Then, we look at new perspectives and practices that challenge these, namely SOHOs working in different domains of economic production, mostly in urban environments. Thirdly, we outline the case-study contexts, the methods used in the exploration of the selected organisations before outlining our findings relating to the SOHOs abilities to promote and apply complex socio-ecological worldviews where individuals and organisations are seen as integral components of socio-ecological systems; and create enabling collaborative environments which includes close and constant relationships ‘beyond’ the organisation. Lastly, we consider the implications of these findings for both organisational theory and practice, especially how SOHOs could help transcend existing unsustainability dichotomies in management and help promote transformations towards sustainability, including if they are able to overcome tensions and mission drifts within the organisation.



## 2. Unsustainable managerial dichotomies

Classical organisational theory, mainstream management literature and practice has contributed to the creation and perpetuation of a range of unsustainable and artificial dichotomies and conflicts between different kinds of rationalities (Merton, 1936) resulting in numerous unintended negative consequences of social action. In classical organisational theory (the remnants of which is still prevalent in today's mainstream organisational management research and practice), workers are often seen as participants of an economic treadmill operating in an environment of perfect competition that can be managed towards increased productivity, efficiency and profitability through levers such as culture, values (Smircich, 1983), or financial incentives (Braverman, 1998). Theories and practices within such approaches tend to promote bounded instrumental rationalities where the focus is on efficiency of means rather than the efficacy of the ends (Shenhav, 1999). This has contributed to dichotomies which include pitting the present against the future (for instance through high future discount rates), 'us versus them' (the organisation's goals take priority over the goals and wellbeing of people and other organisations), 'the manager versus employees' (leaders manage and control employees towards desired outcomes) or the 'economy versus nature' (economic growth against ecosystem health or environmental sustainability) (Tàbara and Pahl-Wostl, 2007; Latour, 2012). These dichotomies are increasingly ingrained in management theory and practice and are contributing to the perpetuation and accumulation of unintended negative consequences on global ecosystems including climate change, the neglect and destruction of biodiversity, and increased social inequalities (Grey, 2017). Figure 1 depicts the aforementioned unsustainable dichotomies visually.

*Figure 1: Unsustainable dichotomies prevalent in management and organisation research and practice*



Key amongst these dichotomies is a widely held belief that when organisations engage in activities to achieve their goals they are influenced by internal and external factors. This belief creates an artificial division between the resources, culture and practices within the boundaries of the organisation and what occurs ‘out there’, e.g., in biophysical systems, the economy and the social world. It is recognised that internal and external factors influence each other but conventional management practices such as management control systems (Guenther et al., 2016; Lueg and Radlach, 2016), and human resource management (Bratton and Gold, 2017) assumes that organisations, people and the “environment” somehow can be controlled towards desired ends by the use of specific strategies, which in turn can be formulated in advance by expert managers or leaders with the right skillsets (Mowles, 2016).

On the one hand, key external factors that are considered to influence organisations relate to regulations, environmental shocks and stressors, partnerships, and wider socioeconomic trends including consumer preferences, market imperfections or market collapse (Pastakia, 2002; Gray et al., 2014; Dutta, 2017; Cohen and Winn, 2007; Gliedt and Parker, 2007). This view of external factors perpetuates the long held view that social and ecological systems operate separately from organisations, and especially corporations (Haigh and Hoffman, 2014). In traditional management theory ‘nature’ or more specifically biophysical systems are merely seen as a production factor, as limitless “bundles of resources” to be exploited (Shrivastava, 1994); or as a sink that can absorb all kinds and quantities of waste (Cohen and Winn, 2007; Hart, 1995). Thus, natural ecosystems have little intrinsic value other than for their extrinsic utility (Bell et al., 2012). The consideration of scarcity in natural resources can even be a valuable resource attribute as it can help a company be competitive if it is the first in acquiring, substituting, or transforming it into a profitable commodity (Barney, 1991). Notably, this internal/external dichotomy is also prevalent within corporate sustainability literature as it is used to analyse how organisations interact with the “external” systems within which they operate such as the economy, nature, or institutional environments (Corbett et al., 2018; Byl and Slawinski, 2015; Milne and Gray, 2013).

On the other hand, internal factors including organisational capacities, culture and resources are seen to influence organisations ability to act and be successful within the “environment” in which they operate. It is often assumed that: “...managers and leaders can choose a future for an organisation, which includes choosing the right culture and behaviour for its employees. They do this by applying technical skills to analyse and diagnose what the organisation needs in order to make it evolve and fit with its environment.” (Mowles, 2016: 239). As long as an organisation, and especially its leaders, have the right capabilities,

knowledge and resources to confront the ‘world out there’ the organisation will succeed. This conventional view of management is increasingly criticised, especially by scholars within critical management studies (Grey, 2017; Etzion et al., 2017), as well as by complexity based organisational management perspectives (Stacey, 2003; Stacey et al., 2000). These perspectives challenge the notion that it is possible to ‘manage’ or control people and systems, to plan and implement organisational change, and that there is a divide between internal and external organisational dynamics. For instance, the theory of *complex responsive processes of relating* holds that change within and beyond an organisation cannot be designed, planned, and implemented in the way commonly prescribed in management research as too much is occurring at the local interpersonal level which cannot be controlled (Stacey, 2003; Stacey et al., 2000). Instead, they argue that micro interactions within and beyond the organisational realm often result in unpredictable patterns with unknown outcomes both at organisational and societal levels (Stacey, 2003; Stacey et al., 2000). Furthermore, conventional management approaches have been criticised for not being able to tackle large-scale sustainability issues due to the fact that the necessary precondition for the application of such approaches, such as organisational goals being attained through orderly and linear planning, acquisition, execution, and monitoring, is simply not present (Etzion et al., 2017). Conventional management could instead be counterproductive to sustainability because the focus on pre-selected goals, ready-made plans, and linear processes could cause managers to overlook emerging solutions (Svensson et al., 2011).

Additionally, conventional management approaches tendency to think of an organisation as separate from context has also been criticised as “organisations are both a cause and a consequence of, and so inseparable from culture and economics” (Grey, 2017: 106). In fact, it has been argued that organisations cannot be viewed separately from either social or ecological systems, they are instead integral components of both (Hockerts et al.,

2018). This suggest that there are no clear borders between internal and external organisational dynamics, especially considering that individuals move between different organisations on a daily basis and are always a part of complex broad socio-ecological dynamics.

### **3. Sustainability-Oriented Hybrid Organisations**

Due to increased awareness of the growing complexity and interconnectivity of both global and local challenges, a new cohort of entrepreneurs are creating many different organisations that fit under the SOHO umbrella and which have the potential to challenge these dichotomies. This relates especially to their tendency to “develop business models that consciously internalize elements of the social/and or natural systems in which they exist” (Haigh and Hoffman, 2014), and as such moves beyond the triple bottom line approach, commonly applied by larger corporations, which has been argued to practice a “change-but-no-change rhetoric for sustainability” (Milne and Gray, 2013: 14). It has been argued that such sustainable business models “can serve as a vehicle to coordinate technological and social innovations with system level sustainability” (Bocken et al., 2014: 44). However, a significant amount of research has identified that such organisations often experience considerable challenges with achieving their goals due to tensions arising between their multiple goals and organisational logics (Battilana et al., 2015; Smith et al., 2013; Mangel and Brivot, 2015). The reality of the organisation often becomes a “balancing act between short-term economic objectives and long-term sustainability objectives” (Jolink and Niesten, 2015: 293). As such, the complexities of their institutional logics can get in the way of them addressing social and ecological problems (Jay, 2013).

Despite this they still have the potential to overcome unsustainable dichotomies and challenge the notion of organisations as separated from their “environments” (Haigh and

Hoffman, 2014). However, research so far has had a tendency to perpetuate the internal/external divide. Considerable amounts of research related to SOHOs tends to be compartmentalised and the “intimate connection between their enterprising actions and the human and biophysical context is absent” (Muñoz and Cohen, 2017: 2). Instead of SOHOs being seen as integral components, intimately embedded and synchronised with socio-ecological systems, they are often seen as value-creator artefacts and where socio-environmental context are “frequently treated as the sources of problems, the beneficiaries of the solution or the institutional environment facilitating or constraining entrepreneurial action” (Muñoz and Cohen, 2017: 2).

Research on SOHOs tends to perpetuate the internal/external dichotomy through research focussing on things such as: (i) how sustainable ventures arise out of entrepreneurs’ awareness of the imperfections of existing markets (Pacheco et al., 2010); (ii) the role of government incentives (Meek et al., 2010); the influence of social norms (Meek et al., 2010); (iii) organisational design and processes (Parrish, 2010); (iv) the role of business model designs in achieving sustainability related goals (Hahn et al., 2018); (v) wider institutional environments (Dean and McMullen, 2007); (vi) the role of entrepreneurial orientation, social salience, and business planning (Cheah et al., 2019); (vii) organisational capabilities for sustainable innovations (Berkowitz, 2018); and (viii) the influence of wider social and environmental problems and contexts (York and Venkataraman, 2010). Furthermore, some authors specifically use the term internal and external factors when conducting their research, such as Kiefer et al. (2018: 1) who argues that firms are influenced by “internal factors (resources and capabilities) and external factors (e.g., regulation) when taking the decision to eco-innovate” and investigates how internal factors such as resources, competencies, and dynamic capabilities influences eco-innovation.

Some research has helped depict a more nuanced picture of such organisations. For instance, through researching the Planting Empowerment SOHO highlighted in the introduction, Muñoz and Cohen (2017) have shown that such organisations are deeply embedded within socio-ecological systems and succeed through synchronising their entrepreneurial rhythm with both biophysical and socioeconomic cycles. Through another study of SOHOs in Barcelona, it has been found that such organisations have the ability to help promote sustainability transformations through the development of a set of foundational transformative capacities, especially at the community scale (Hestad et al., In review). This relates to capacities such as socio-ecological re-connection, healthy individual and political agency, and community and social cohesion (Ziervogel et al., 2016). This is significant as such capacities are vital for developing transformative sustainability solutions (Tàbara et al., 2018). However, research has not considered how SOHOs can successfully promote sustainability transformations in practice. Furthermore, research has also not considered empirically how SOHOs' modes of operating might help overcome the unsustainable dichotomies outlined above in management research and practice. As such, this research aims to both improve theoretical understandings and actionable knowledge on these two topics.

## **4. Methods**

### *4.1. Research context and case selection*

Barcelona and its wider metropolitan area is an interesting context in which to study SOHOs due to the innovative nature of the city (Castells and Hlebig, 2017) and its large number of hybrid organisations (Ajuntament de Barcelona, 2017). The Social and Solidarity Economy (SSE) is one of the most prominent of the alternative cultures in the city, emerging out of social movements, particularly associated with the World Social Forum (Bergeron et al., 2015). The SSE is an umbrella term for “forms of economic activity that prioritise social

and often environmental objectives, and involve producers, workers, consumers and citizens acting collectively and in solidarity” (Utting, 2015: 1). Barcelona has 4,718 SSE initiatives, which represent 2.8% of the total number of enterprises in the city and generated around 8% of the cities employment and 7% of its GDP (Ajuntament de Barcelona, 2017). Most of these organisations can be classified as hybrid organisations which operate within public, private, and non-profit logics, with nearly 70% of organisations practicing environmental sustainability through waste management, energy saving or renewable energy generation (Miró and Anna Fernández, 2016). However, the financial crisis resulted in various levels of Government and civil society pushing environmental and climate change action down the agenda, which might be why there were not many organisations within the SSE that fall under the SOHO umbrella when this research took place. Other than the SSE, the city is considered an emerging hub of social entrepreneurship with a large number of incubators and start-ups in different sectors, especially IT, Smart City development and increasingly sustainability (Bakıcı et al., 2013). SOHOs in Barcelona are mostly cooperative legal entities, which can be both for or non-profits, or for-profit enterprises due to the lack of official hybrid legal forms in Spain. Examples of hybrid legal forms include Benefit-Corporations (or B-Corps) in the US or Community Interests Corporations in the UK.

The article uses comparative case studies which are contrasted against each other to allow for theoretical development (Eisenhardt, 1989). The research forms part of a larger study on SOHOs and their role, abilities, and potential to contribute to sustainability transformations. The case organisations were chosen based on the following criteria: (i) having social and environmental missions and practices; (ii) engaging in market related activities; (iii) being economically self-sufficient and sustainable; indications of positive impacts in the form of developing transformative capacities at different scales; (iv) being a micro enterprise or small and medium sized enterprise; and (v) ideally, having operated for



more than five years. Two workshops with sustainability stakeholders were carried out as part of the Horizon 2020 supported GREEN-WIN project in spring of 2016 and 2017, each of which had 16 participants, which in turn helped identify organisations and stakeholders for interviews as well as reveal enablers and barriers for sustainability action. Other organisations were identified through interviews and online searches. Nine organisations were chosen – see Table 1 for details on each case. Five of these organisations are cooperatives engaged mostly within the SSE and three are social enterprises who engage in the wider economy. Social enterprises are here understood as organisations that use commercial strategies to create social and/or environmental benefits (Doherty et al., 2014). When social enterprises have both social and environmental missions and practices they are defined as SOHOs. Only relatively smaller organisations were found to have addressed both social and environmental goals as their main purpose and mission.

*Table 1: Key information about the case organisations and data collection*

Organisation	Organisational model	Year established	Staff/members	Organisational mission	Data collection
<i>Som Energia</i>	Non-profit renewable energy consumer cooperative	2010	~58 000 partners as of July 2019 68 staff	Change the Spanish energy model to achieve 100% renewables and democratize the energy system	5 interviews Participation in workshop Document analysis
<i>Lacol</i>	Non-profit worker owned cooperative	2009: Informal collaboration 2014: formal cooperative	14 partners	Work with architecture to promote social transformations, and use it as a tool to critically intervene in local environments	2 interviews Document analysis
<i>Celobert</i>	Non-profit worker owned cooperative	2010	7 partners 6 staff	Adapt or construct buildings with minimal ecological footprint and energy consumption, and build socially cohesive communities and neighbourhoods	1 interview Document analysis
<i>La Borda</i>	Social housing cooperative	2012-2017: planning 2017-2018: construction	50 residents 36 on waiting list 50 collaborators	Harmonizing the need for access to decent, social, affordable and environmentally sustainable housing with the will to promote new forms of	2 interviews Participant observation and site visit Document analysis

				coexistence and generate community through the interrelations between neighbours	
<i>Tarpuna</i>	Non-profit worker cooperative	2002: Limited company 2012: cooperative	9	Social innovation at the service of the community, through local transformative projects with sustainability criteria	1 interview Document analysis
<i>Unico</i>	Second degree for-profit cooperative	2010	10 corporations and cooperatives ~70 staff/partners	Offer projects and integral solutions to improve energy efficiency and savings	1 interview Document analysis
<i>InEdit</i>	For-profit social enterprise	2009	~20	Engaging with organisations of tomorrow and accompanying them as they manage the changes that come with the circular economy	2 interviews Participation in workshop Document analysis
<i>Eixverd</i>	For-profit social enterprise	2015	~4	Improve social fabric, air quality and reduce carbon emissions	1 interview Participation in workshop Site visit Document analysis
<i>Roots for sustainability</i>	For-profit social enterprise	2010	3 partners 5 staff	Inspire and support sustainable enterprises with positive social and environmental impact	1 interview Document analysis

#### 4.2. Data collection and analysis

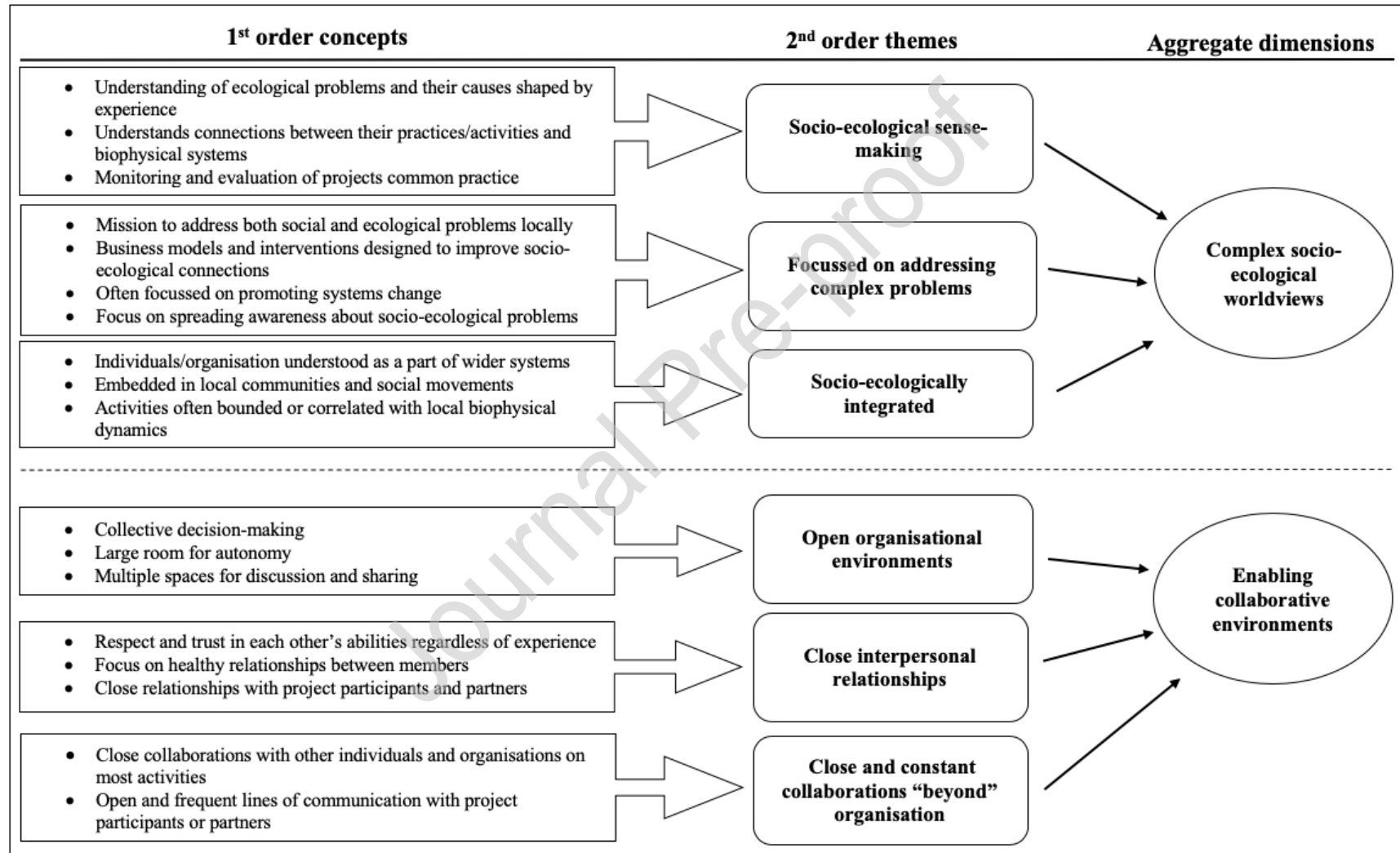
Data was collected through semi-structured interviews with between one to five people in each organisation who were either founders or key members of the organisation as well as experts knowledgeable about the wider political environment and sustainability in the city and wider regional and national contexts. In total 26 interviews were conducted. The main data collection occurred between May-July 2017. Additionally, skype interviews were carried out later points. Extensive analyses of documents were also carried out to supplement the interviews, such as: organisational websites, blog posts, media articles, and internal and external reports on projects and their impacts. Participant observation and site visits were also conducted.

We identified the missions and practices of the organisations, as well as considered their wider contexts, in order understand why they might be able to help support positive

transformative change towards sustainability at the local scale. To do this we drew on the Gioia Methodology which creates a systematic and holistic approach to new concept development and the articulation of grounded theory within organisation studies (Gioia et al., 2013). Instead of focussing on only one case organisation, which is the most common within the Gioia Methodology, we have chosen to explore nine SOHOs, as this will help us contrast the organisations and consider differences and similarities in what enables or disenables them from developing transformative capacities. The Gioia Methodology has previously been used by researchers to study multiple organisations, for instance by Bauwens et al. (2019).

This method starts with first order coding of raw data to identify concepts, then outlining of second order themes before articulating conceptual categories or aggregate dimensions. This is done as the researchers continually works with the data to understand emerging themes, this involves comparing data from different organisations to identify similarities and differences. After examining the data for first order concepts we identified themes from the codes which aggregated around two dimensions related to worldviews and collaborative environments. Based on the understanding to date of the components influencing the organisations we conducted another examination of the codes and themes by looking at the elements or instances relating to them. Following the standard in grounded theory research we then carried out a literature review to see how the findings related to existing research (Charmaz, 2014). This resulted in the refinement of two key factors: complex socio-ecological worldviews; and enabling collaborative environments. The reasoning is illustrated in Figure 2.

Figure 2: Illustration of the inductive reasoning that led to the identification of two key dimensions influencing the transformative ability of SOHOs in Barcelona



## 5. Findings

### 5.1.1. *Complex socio-ecological worldviews*

Worldviews are the assumptions and beliefs of an individual or a group which influences their perceptions of the world as well as their behaviours and decision-making criteria (Kearney, 1984). As such what an individual or in fact an organisation does is intimately related to the worldviews of the members. It has been argued that the worldviews of individuals and groups influences what they think about sustainability problems such as climate change and how this is addressed (O'Brien and Wolf, 2010; Tàbara and Chabay, 2013; O'Brien and Hochachka, 2010). In this research we found that the interviewees as well as their wider organisations show signs of inhabiting a complex socio-ecological view of the world which would fall within a broader postmodern/pluralistic worldview (O'Brien and Hochachka, 2010).

Firstly, this relates to the connections the organisations make between social and ecological problems, in fact all of the organisations were created to solve sustainability related challenges and have missions or practices that aim to promote social and environmental sustainability. In fact, their business models and interventions are often designed with the goal to not only address complex socio-ecological problems but to transform systems towards sustainability, this supports findings by Stubbs (2017) who found that Benefit Corporations focus on profits as a means to achieve social purpose ends but with these SOHOs the purpose is transformation.

*“The main purpose is to change how the electrical market works in Spain and change it towards more renewable energy in the grid. And that energy is controlled by and sold to the very same costumers that use it” (Som Energia, Interviewee 1).*

*“We do architecture for social transformation” (Lacol)*

The organisations tend to not see themselves as separate or distinct from nature but instead as integrated and embedded in socio-ecological systems and where their business practices are bounded and dependent upon local biophysical dynamics. For instance, Eixverd and Tarpuna uses local seasonal plants and soils and Celobert and La Borda mostly procures local sustainably sourced wood materials. Tarpuna sees their role as “*weaving networks of relationships between people and nature*”. Five of the organisations were established by people who have a deep understanding of socio-ecological interactions, including the connections between their activities and biophysical dynamics (Eixverd, Tarpuna, InEdit, Som Energia, Celobert). This socio-ecological sense-making is often based on personal experiences.

*“What’s behind Eixverd is a motivation to contribute to addressing climate change in my own way. Without waiting for others to get their act together... Barcelona is the prettiest city I’ve been, but it needs more green. The only place to put more green is the rooftops. So, I put one and one together and adding more green and the helping making the buildings more efficient.” (Eixverd)*

Furthermore, this integration also relates to embeddedness in social systems, especially local community contexts and social movements, which was the case for several of the organisations (La Borda, Lacol, Celobert, Tarpuna, and Som Energia).

*“During that time (financial crisis), we managed to find clients but also to gain a name inside the Social and Solidarity Economy in Barcelona and in the neighbourhood, because we were tied to successful projects like in Can Batlló. We helped there as volunteers, in return we obtained some publicity for us. We did it as neighbours because we live here now”. (Lacol)*

Related to their socio-ecological sensemaking is the practice of monitoring and evaluating the environmentally related outcomes of their projects, this especially relates to energy and carbon dioxide audits of projects (InEdit, Celobert, Lacol, and Eixverd). Several

of the organisations (Lacol, Celobert, Unico, and La Borda) also engage in wider assessments of their organisations through methods such as the *Balanç Social* which is a voluntary reporting tool for members of Barcelona's Social and Solidarity Economy to assess their social, environmental, and good governance impacts. Roots for Sustainability also carries out the B-Corp assessment to estimate and improve their impacts. However, all of the interviewees from the case organisations emphasised the need for further monitoring and evaluation to better understand the wider impacts of the organisation and whether they are helping or hindering the achievement of their missions. However, how to do this often remains a question.

*"The evaluation of Tarpuna, this is very important question, we could improve this in the future, we have a memory (an annual report)... with the impacts of every project, both social impacts and environmental impacts, but we can improve this". (Tarpuna)*

*"We don't know, we know the impact of our activities, we measure the carbon footprint of our activity, but of course, it would be better at the end of the year if we were able to say that thanks to our work we have saved 10 tonnes of CO2, created 7 jobs or 70. But we don't have direct relationships, it is not direct and easy to assess our work and the consequences, it not immediate, we could account for the potential but its complex." (InEdit)*

The organisations also often have a focus on spreading awareness, empowering, and educating people about socio-ecological problems. Many of the organisations do this by virtue of their actions whereas others have specific initiatives and projects related to enhancing awareness, empowerment, and education (Som Energia, Eixverd, Tarpuna). One example is 'fab labs' set up by the Tarpuna Foundation:

*"The aim is to empower the community and solve social problems, not to develop programmers... The principal idea is not the technology, it is social participation and creating dynamics for innovation and co-creation." (Tarpuna)*

However, not all the interviewees exhibited strong socio-ecological sense-making with respect to more global socio-ecological dynamics. For instance, one interviewee from Lacol believes that climate change is “too big for us” as their interventions are “not related to the rise of the sea or anything”, despite many of their activities contributing to the reduction of GHG emissions and the interviewee having a strong sense of local socio-ecological connections. Furthermore, several of the organisations identify themselves as mainly socially oriented (Lacol, La Borda, Tarpuna, UNICO, and Roots for Sustainability) which sometimes results in their environmental values not being upheld and them engaging in unsustainable practices. Lacol, Roots for Sustainability, Tarpuna, and UNICO have taken on non-sustainability related projects to increase profit or remain economically viable.

*“The problem is that the economic sustainability is very difficult for us... my most important preoccupation is the economic sustainability, and this is one problem, because when a lot of preoccupation is on the money it takes away focus from the social impact and other environmental impacts.” (Tarpuna)*

This correlates with previous research on hybrid organisations which has found that hybrid organisations often struggle balancing their social, environmental, and economic missions with the latter often taking precedence (Hahn et al., 2018; Siegner et al., 2018; Alberti and Varon Garrido, 2017; Schmitz, 2015).

### 5.1.2. Enabling collaborative environments

The studied SOHOs were found to engage in what we have called enabling collaborative environments (Ma et al., 2016). This relates to having an open organisational environment which enables people to have productive and engaging conversations, take decisions together either in the entire organisation or in teams, as well as respect and trust each other’s individual agency and ability to manage their work and seek out help when



needed (Reynolds, 2017).. This was especially the case in the democratically-oriented cooperatives which often focussed considerably on the well-being of their members, their inter-personal relationships, and the ability of people to enact individual and collective agency. For instance, Som Energia has what they have affectionately called the ‘happiness department’ to facilitate healthy interpersonal relations and Celobert brings in an organisational psychologist once every six months to manage relationships and facilitate open dialogue. Lacol also focusses on creating open spaces for sharing and building or maintaining relationships:

*“In these meetings we have every few months we give a lot of space to talk about how we're feeling. For instance, if somebody is in a really big stress because they have too many projects or doing projects that he doesn't enjoy lately, or all of this is too much”. (Lacol)*

Interviews indicated that open and enabling environments such as these helped contribute to a range of new ideas and projects being experimented with, such as Som Energia’s energy efficiency platform. Additionally, the organisation changes organically which is influenced by the nature of the collaborative environment:

*“So, we'll create something shared with the team get feedback and sort of work organically from there. I mean if we look at how the teams was structured half a year ago and what it looks like now there are teams that have been taken off the list cause they weren't working or they just served their purpose and now there's no need for them anymore and there's new one sprouting. We usually just go by needs... There's usually an e-mail, or in a team meeting we ask who wants to work on this. And then we set up a commission which is more temporary, to scope if there is a team that can be permanent... Normally these groups are people who are interested in this question.” (Som Energia, Interviewee 4)*

In the enterprises, there were also signs of autonomy and openness. For instance, in Roots for Sustainability junior staff have been known to come up with new ideas and carry them out.

*“For instance, we offer them (junior staff) the opportunity to develop a strategic plan for an idea... for instance for impact metrics, you can define that, if this idea is really going well you can be managing this area.... and even develop new services in that area”. (Roots for Sustainability)*

Furthermore, the focus on strong communicative interactions goes beyond the immediate scope of the organisations as they tend to continue these in their activities and projects. This is especially the case for Lacol, La Borda, Celobert, Som Energia, InEdit, and Tarpuna who have open and frequent lines of communication with project participants or partners. A prime example of this is Som Energia’s over 60 local groups all over Spain, which are run independently but in connection with the organisation’s HQ. In these groups, members come up with ways of spreading information about the cooperative (the cooperative spends no money on advertisement) and come up with new ideas for renewable energy generation projects.

Additionally, the SOHOs that seem the most able to support sustainability transformations engages in close and constant collaborations “beyond” the organisation. For instance, UNICO is a second-degree cooperative of 10 cooperatives and corporations in similar fields came together at the start of the economic crisis in order to help them survive and this deliberate entanglement enabled some of their business ventures to thrive during and after the crisis. Som Energia works with different electricity and energy cooperatives to purchase energy together and are supporting the creation of a new cooperative through purchasing electricity for them as “at the moment they don’t have enough capacity”.

Additionally, the most successful service organisations - whose entire business model revolves around helping other organisations improve the sustainability of their practices – were those that emerged out of and grew their connections to other organisations and/or community contexts. Notable examples include InEdit, Celobert and Lacol which emerged

out of university, community, or activist circles and focussed on growing organisational connections and/or community involvement during the economic crisis which later eventuated in significant growth in demand for their services. For instance, an interviewee from InEdit characterised this as “planting seeds” that now have started growing. On the other hand, Eixverd had limited connections in Barcelona and has thus far struggled to get enough collaborators and clients to do more than survive, in fact the interviewee highlighted that unless things change the organisation “cannot last much longer”.

## 6. Discussion

Our findings indicate that many SOHOs inhabit and promote the development of complex socio-ecological worldviews. This involves having the capacity to see human systems not as separate from socio-ecological systems but instead, as socially and ecologically integrated in holistic and dynamic ways and acting accordingly (Tàbara and Chabay, 2013). Such complex worldviews have been deemed vital for the promotion of transformations towards sustainability as they influence how people and organisations act (O'Brien and Sygna, 2013; O'Brien, 2012). We found that all of the cases show signs of inhabiting a degree of complex socio-ecological worldviews and often promote complex systems perspectives beyond the immediate scope of their organisations. The studied organisations showed a holistic and locally oriented view of the role and purpose of business, whereby they see profit as a means to achieve social and ecological sustainability, but it is not the main reason of their existence. Such local embeddedness has previously been considered a precondition for social enterprises to have non-monetary missions (Becker et al., 2017). As such, these organisations move beyond the common post-modern “critique of anything modern/corporate” and instead allow for business or market related mechanism to have a place amongst the solutions to climate change (O'Brien and Hochachka, 2010: 97). For

example, they have contributed to the materialisation of hybrid concepts such as pro-sumption in local contexts (Schill et al., 2017) such as in the case of Som Energia where members have the opportunity to generate or invest in their own renewable electricity. Additionally, organisations with more complex worldviews were also found to establish original learning practices that promoted the implementation of more adaptative practices such as through the local groups of Som Energia (Pellicer-Sifres et al., 2018) and the empowerment focussed projects by the Tarpuna Foundation.

However, the complexity of organisations' worldviews and the interviewees understanding of socio-ecological interactions vary, and the organisations with the least complex understanding tended to not consistently implement sustainability-related practices. They often drifted from their missions and financial objectives or survival took precedence at certain moments in time or were the only objective that was monitored and evaluated. This finding could inform the growing literature on mission drifts, tensions, and trade-offs in hybrid organisations (Siegener et al., 2018; Battilana et al., 2015; Schmitz, 2015; Mangel and Brivot, 2015), especially on performance tensions (Smith et al., 2013), as lack of a complex socio-ecological worldview might be a key reason why commercial activities take precedence over the socio-ecological missions of hybrid organisations. For instance, Battilana and Dorado (2010) found that micro-finance social enterprises drifted from their social missions when they hired staff from the financial sector to increase financial efficiencies, a reason for this might be that people from this sector has a modern (O'Brien and Hochachka, 2010) and arguably less socio-ecologically complex worldview.

Enabling collaborative environments were also found to be a key factor influencing SOHO's ability to help promote sustainability transformations. Enabling collaborative environments relates to the ability of people to have productive and engaging conversations and communicative interactions. Such open communicative interactions enable organisations

to harness people's collective intelligence to let them experiment with new ideas and be reflexive enough to change their modes of acting when needed (Reynolds, 2017).

Importantly, these kinds of collaborative interactions do not stop at the edge of the organisation, instead they continue in their activities and projects. In fact, the organisations that had the most positive socio-ecological impacts were those deeply connected, and their innovative and potentially disruptive practices correlated with those of other organisations that share their ethical and sustainability related values. So much that they often created or inspired the establishment of new organisations or initiatives in the same and/or different sectors with similar sustainability goals. Examples include La Borda, Lacol and Celobert who helped create two foundations (La Dynamo and La Collaborativa), aimed at promoting the implementation of the transfer of use social housing model pioneered by La Borda and La Cireres.

These results suggest that SOHOs represent a promising organisational form for promoting sustainability transformations through their potential for generating positive ecological and social outcomes through their entire value chain. They move away from traditional management practices (Etzion et al., 2017), and integrate socio-ecological dynamics into their business models and therefore challenge the unsustainable dichotomies perpetuated by management theory and practice. Individuals within most SOHOs have a better understanding than mainstream corporations of both positive and negative socio-ecological interactions. Instead of seeing nature, people, and organisations beyond the immediate organisational scope as "external" to clearly defined organisational boundaries, individuals in SOHOs see themselves as embedded within local socio-ecological contexts and connected to other organisations. The practices and worldview of the individuals in these organisations therefore suggest that the abstract and fictitious social construct about the internal/external divide, entrenched within the mainstream management literature, is not

based in any socio-ecological reality. There are no clearly defined and separated internal and external factors that influence organisations, instead these are deeply interconnected and indistinguishable. This therefore poses questions regarding the tendency that many organisational scholars have to want to remain “within” organisational boundaries (Czarniawska, 2013). We are unlikely to understand how hybrid organisations and corporations can promote sustainability, let alone transformations, unless we move away from the view of organisations as value-creator artefacts separated from socio-ecological systems. Instead, we agree with the call from Munoz and Cohen (2017) that sustainability entrepreneurship research and organisational and management scholars interested in sustainability should move into and collaborate with sustainability science scholars to better understand the connections between organisations, socio-ecological contexts, and sustainability – particularly regenerative sustainability (Robinson and Cole, 2015).

## **7. Conclusion**

This research highlights the emergence of new organisational forms and practices aimed at reorienting and extending organisational duties in a way that helps overcome conflicts between individual and organisational logics and broader systemic goals, such as global sustainability. SOHOs, which not only operate in more hybrid spaces but also help transform existing conditions toward more fluid and open institutional arrangements, appear to transcend unsustainable dichotomies perpetuated by traditional management theory and practice. In fact, this research showcases that more and more people and organisations have begun to realise the perverse effects of bounded organisational rationalities which perpetuate unsustainable dichotomies in the organisational and management realm. This is because these dichotomies contribute to ‘production of benefits’ for the few and create multiple negative system irreversibilities, as those derived from insurmountable amounts of chemical waste or

single-use plastics and therefore puts present ‘utility’ above future generations rights to a safe and clean environment. Instead, SOHOs focus on delivering socio-ecological outcomes which do not compromise the needs of future generations and which has the potential to contribute to sustainability transformations. As such most of the SOHOs investigated were found to promote social learning and the cultural adoption of complex socio-ecological worldviews where individuals and organisations are seen as integral components of socio-ecological systems. However, the complexity of the worldviews of the organisations varied which appeared to be a key reason why some of the organisations engaged in unsustainable activities to survive financially or increase their profits. Moreover, the SOHOs were found to contribute to sustainability through creating enabling collaborative environments which include close and constant relationships ‘beyond’ the organisation. Lastly, further research and more in-depth case studies are necessary to validate these findings, especially regarding the role of worldviews influencing tensions and mission drifts in SOHOs, as well as interrogations about how and why SOHOs apply different strategies in different contexts, e.g. in non-urban, non-Western, and in areas with large proportions of poor people.

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**Declaration of interests**

☒ The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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**Highlights**

- Sustainability-Oriented Hybrid Organisations (SOHOs) challenge unsustainable management dichotomies which impose divisions between what occurs internally within the organisation and what occurs ‘out there’ in biophysical systems, economies, and the broader social world.
- SOHOs promote and apply complex socio-ecological worldviews where individuals and organisations are seen as integral components of socio-ecological systems.
- SOHOs create enabling collaborative environments which include substantive relationships ‘beyond’ the organisation.
- The complexity of socio-ecological worldviews varies within the members of SOHOs which impacts the consistency to which they implement sustainability-related activities and experience mission drift.